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FINANCIAL TIMES

Europe's Business Newspaper

WEDNESDAY FEBRUARY 9 1994

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Russia and China oppose air strikes on Bosnian Serbs

Two of the five permanent members of the United Nations Security Council voiced opposition to air strikes against the Bosnian Serbs. Russia claimed UN secretary-general Boutros Boutros Ghali had exceeded his authority in instructing Nato to prepare for such action. China said it wanted to see only peaceful means used. Nato ministers are due to consider the issue in Brussels today. Page 16

China envoy under fire from Hurd: China's ambassador to Britain was criticised by UK foreign secretary Douglas Hurd, for suggesting British companies would suffer discrimination in China because of the Hong Kong dispute. Page 16

German doll fetches world record price

A German collector paid a world record £188,500 ($282,750) for a porcelain doll at Sotheby's, the London auctioneers. The doll (left) made in 1909 by the German company, Kämmer and Reinhardt, is thought to have been made from an experimental mould which was never used in production. The collector has all other dolls in the series made from the mould. Sotheby's sold a similar Kämmer and Reinhardt doll in 1989 for £90,200.

Bell rival targets London: MFS Communications, largest national provider of urban networks competing with local Bell companies in the US, is to launch a network in London. Page 16; Editorial Comment, Page 15

Sears, Roebuck, third-largest US retailer and the majority owner in Allstate Insurance, reported record earnings for 1993 but disappointed investors with flat results in the quarter. Page 17

US warning on Japan's chip market: Japan and the US were "drifting toward an era of confrontation and recriminations" over foreign access to Japan's semiconductor market, the US industry warned in a letter to President Bill Clinton, who meets Japanese prime minister Morihiro Hosokawa next week. Page 5

Mideast talks make progress: Israel and Palestinians made solid progress towards drafting a long-delayed agreement on security issues to implement Palestinian self-rule in the Gaza Strip and West Bank area of Jericho. Page 4

Sheraton buys Ciga: Sheraton, international hotels group owned by ITT of the US, emerged as the surprise buyer of Ciga, troubled luxury hotels chain controlled by the Aga Khan. Page 17

Canada cuts taxes to curb smuggling: Canada sharply cut tobacco taxes to combat cigarette smuggling across its border with the US, but added a "health-promotion" surtax on cigarette makers' profits. Page 3

All Nippon Airways, Japan's second-largest carrier by turnover, announced a restructuring plan designed to raise operating profits by Y26bn ($232m) in 1994-95. ANA made post-tax profits of Y2.4bn during the year to March 1993. Page 20

Channel tunnel services delayed: Further locomotive testing will prevent the Channel tunnel starting passenger services on May 8. Freight services, due to have started in March, could be delayed until early May. Page 7

Pfizer slide: Shares in Pfizer, until recently highest-flying US drugs company, tumbled again after it issued a muted profits warning for this quarter. Page 19; Japan to cut drug prices, Page 4

Toyota, Japan's largest carmaker, suffered a 48.7 per cent fall to Y83.24bn ($764m) in pre-tax profits in the six months to end-December because of a weak domestic market and a sharply stronger yen. Page 19

Witold Lutoslawski dies: Polish composer Witold Lutoslawski died in Warsaw aged 81. His work, which was once banned by the former communist government, includes symphonies, concertos for cello and for oboe and harp, and settings of French verse to music including *Three Poems* of Henri Michaux in 1963 and *Les Espaces du Sommeil* in 1975.

Arnold Smith, the first Commonwealth secretary-general, has died at his Toronto home aged 79.

■ STOCK MARKET INDICES

FT-SE 100:	3,440.2	(+21.1)
Yield	3.42	
FT-SE Eurotrack 100	1,512.37	(+16.83)
FT-SE-A All-Share	1,733.58	(+0.8%)
Nikkei	20,251.23	(+236.83)
New York: lunchtime		
Dow Jones Ind Ave	3,910.26	(+3.94)
S&P Composite	470.92	(-0.84)

■ US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	3.302%
Long Bond	97½
Yield	6.411%

■ LONDON MONEY

3-mo Interbank	5¼%	(5½%)
Liffe long gilt future:	Mar 116¼	(Mar 116½)

■ NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$14.065	(14.255)

■ Gold

New York Comex (Apr)	$384.1	(380.7)
London	$380.4	(384.7)

■ STERLING

New York lunchtime:		
$	1.4675	
London:		
$	1.47	(1.4811)
DM	2.5956	(2.6111)
FFr	8.8013	(8.848)
SFr	2.1786	(2.1814)
Y	160.078	(160.998)
£ Index	81.5	(82.0)

■ DOLLAR

New York lunchtime:		
DM	1.764	
FFr	5.9805	
SFr	1.482	
Y	108.75	
London:		
DM	1.7658	(1.736)
FFr	5.9875	(5.975)
SFr	1.4821	(1.4715)
Y	108.9	(109.05)
$ Index	67.7	(67.5)

Tokyo close Y 108.7

Austria	Sch22	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft195	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw35.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1 50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1 50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L13000
						UAE	Dh12.00

Hosokawa alters tax plans to win coalition support for package

Japan agrees stimulus deal

By William Dawkins in Tokyo

Japan yesterday announced a record Y15,250bn ($136bn) package of tax cuts, government spending and loans, designed to pull the economy out of its deepest recession since the second world war.

The stimulus package, to be implemented over the next year or so, consists of Y5,850bn income tax cuts, and Y9,400bn in public works spending and loans and grants for business and housing.

The compromise was made possible by prime minister Morihiro Hosokawa's decision to freeze his plans for a new 7 per cent sales tax in three years' time. It had been opposed by the Social Democratic party, the largest member of the seven-party coalition.

The size of the package and Mr Hosokawa's suspension of the sales tax bodes well for his meeting with President Bill Clinton on Friday to discuss trade relations. US officials had opposed an early increase in indirect taxes, for fear it would depress consumer demand and hamper efforts to curb Japan's record current account surplus.

However, Mr Hosokawa has had to scale back his plan, announced last week, for a Y6,000bn annual income tax reduction, to win support from the fiscal conservatives in his coalition. They follow the finance ministry's line that tax cuts should be funded by indirect tax increases.

Instead, the government will make a one-off Y5,850bn income tax cut - to be paid as an across-the-board 20 per cent tax rebate to all income tax payers - while it attempts to agree permanent tax changes by the end of the year that Mr Hosokawa wanted. The rebate, to be paid in June and October this year, is worth Y106,000 to the average family of four, on a Y7m annual salary, the finance ministry estimated.

Hosokawa finds a lot to be sorry about; Main aim is to increase consumption ....Page 4

The tax cut, the largest in postwar years, will be funded by the issue of deficit bonds, requiring special legislation. The powerful finance ministry has fought hard against deficit financing, but compromised on the understanding that the government will secure an agreement this year to increase indirect taxes. This is seen as essential to compensate for the loss of income tax revenue already expected as Japan's population of retired people rises sharply in the next few decades.

The spending side of the package will be funded from a mixture of existing revenue and construction bonds, which the government issues to finance public spending on the infrastructure, and from postal savings.

Business groups and economists welcomed the package yesterday. Private sector forecasters predicted that it would boost gross national product from around zero to around 1.3 per cent this year, while the government's economic planning agency said it would add as much as 2.2 per cent to growth.

Yesterday's pump-priming package is the fourth announced by the government since August 1992. Most of the Y30,200 announced in the last three stimulus packages has already been spent.

This latest plan includes Y7,200bn of public spending on infrastructure, and loans for house buyers, small businesses and job creation. The package also contains plans to help banks dispose of bad loans faster, to avert fears of a credit shortage.

Its main proposal on debts is to allow banks to set up a company to buy restructured loans made to so-called non-banks, like housing finance groups. This will supplement another body, the cooperative credit purchasing company, set up by banks last year to buy doubtful property backed loans. Japanese markets were little moved yesterday by the government announcement, with dealers suggesting the package was in line with expectations and had been largely discounted.

German jobless figure climbs above 4m level

Rexrodt warns high unemployment threatens 'foundations of our society'

By Judy Dempsey in Berlin

Unemployment in Germany climbed above 4m in January, with the eastern states bearing the brunt of the increase and western Germany recording its highest postwar jobless levels.

Mr Günter Rexrodt, the economics minister, said the figures, which compared with 3.69m unemployed in December, were dramatic.

According to the Federal Labour Office, the combined unadjusted unemployment total in east and west Germany was 4.03m, comprising 2.74m in the west and 1.29m in the former communist east. It cited seasonal factors and cuts in public spending on job creation schemes and short-time work for forcing more people on to the labour market.

Mr Rexrodt, speaking at an economics conference, said: "This unemployment figure is of a dimension which is not acceptable. It is not a surprise, but it is nonetheless dramatic.

"We must be aware that lasting high unemployment threatens not only our economic order but also the foundations of our society. We must devote all our efforts to averting this threat."

Chancellor Helmut Kohl, speaking at the same conference, said: "We are not dealing with a normal recession but with structural problems which have been building up for too long. We need to rethink."

The official east German unemployment rate is put at 17 per cent. But the figures for the eastern states are not seasonally adjusted, unlike those in west Germany.

Nor do official German figures include people on job creation schemes, short-time work, or in early retirement. The unofficial unemployment rate in the east is more than 35 per cent.

In west Germany, the unemployment rate, based on unadjusted figures, climbed last month to 8.8 per cent compared with 8.1 per cent in December and 7.3 per cent in January 1993. This brings the total unadjusted figure to 2.74m, a rise of 220,000 over the previous month, but a slight decrease compared with the rise in January last year when 230,000 more people were added to the register.

Seasonally adjusted unemployment in west Germany rose last month to 2.53m, a rise of 27,000 from the previous month, and a rise of 360,000 from January 1993. Economists said unemployment was expected to rise in coming months as short-time working and job creation schemes expired.

In west Germany, short-time employment fell to 517,374 last month compared with 555,192 in December. In east Germany, short-time employment fell to 115,900, compared with 125,449.

IG Metall agrees talks, Page 2

Chancellor Kohl (left) and Günter Rexrodt before the economics conference. Lasting high unemployment threatened the economic order and "the foundations of our society", Mr Rexrodt warned Reuter

Bank of England signals ¼-point cut in base rates

By Philip Coggan, Economics Correspondent, in London

The Bank of England signalled a surprise quarter of a percentage point cut in UK base rates to 5.25 per cent yesterday, as it published a generally positive report on the inflation outlook for the UK economy.

Although some analysts were taken aback by the timing of the cut, Mr Kenneth Clarke, the chancellor of the exchequer, said that "inflation has been lower than expected. Looking ahead inflationary pressures appear subdued. I have concluded that interest rates can be reduced modestly without putting at risk the inflation target."

However, the quarter point cut, the smallest since 1985, will not be passed on to most home owners. Leading lenders said they would leave their mortgage rates, currently 7.64-7.74 per cent, unchanged. UK companies with loans linked to base rates should see some benefit. Mr Michael Portillo, chief secretary to the Treasury, said the change, if passed on in full, would be worth £250m a year to British business. Mr Richard Brown, deputy director general of the British Chambers of Commerce, said: "This step will help to settle confidence and is a move in the right direction."

Shares and government bonds – gilts – initially responded positively to the news. The FT-SE 100 index rose 52.6 points to 3,440.2 by mid-morning, almost eliminating Monday's losses, while long gilt prices rose by a point. The market fell back as traders felt the government was using up its rate-cutting ammunition too quickly. The FT-SE 100 closed only 21.1 points higher at 3,440.2 and long gilts ended slightly down on the day.

Sterling was hit by the change, falling 1¼ pfennigs in London from DM2.61 to DM2.595 and dropping a cent against the US dollar to close at $1.47.

The decision to cut rates was taken at the monthly monetary meeting on February 2 between the Bank governor, Mr Eddie George, and Mr Clarke. The timing was left to the Bank of England, which decided the change should coincide with the quarterly inflation report.

The planned April tax increases played a part in the rate cut decision. The main factor, however, was the subdued inflationary outlook.

The Bank said its core measure of inflation, known as RPIY, which excludes the effect of mortgage rates and indirect and local authority taxes, had fallen to 2.3 per cent in December. The Bank projects that RPIY will stay low – just above 2 per cent – for the next two years, although headline inflation will rise over the next few months.

Lex, Page 16; Editorial Comment, Page 15; Into uncharted territory, Page 15; Government bonds, Page 22; Currencies, Page 36; London stocks, Page 29

Markets recover in wake of US share price rally

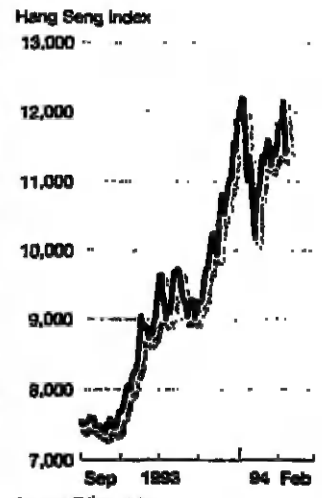
By Our Markets Staff

Equity markets around the world responded positively to Monday's Wall Street recovery, although the shock of Friday's 96-point drop in the Dow Jones Industrial Average left most of them unable to recoup all of their losses.

In Asia and the Pacific Basin, none of Monday's big losers came near to regaining its ground. Hong Kong's Hang Seng index added just 0.35 per cent after Monday's 6.1 per cent slide, and

Hong Kong

Hang Seng Index



Source: FT Graphite

London strength in HSBC Holdings, parent of the Hongkong Bank, owed more to the UK bank rate cut early in the day, and later to the innate volatility of the stock, than to the equity recovery in the home market.

Of the other big Asian losers, Thai equities rose 6 per cent after a 6.9 per cent drop on Monday, and their Malaysian counterparts by 1.3 per cent, after a 4.6 per cent decline the day before.

In Japan the Nikkei average, which lost only 1.4 per cent on Monday, recovered almost all of that ground with a 1.2 per cent improvement yesterday. Japanese equities then showed further strength in London dealings.

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World stocks, Section II

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

IG Metall sets deadline

Talks agreed over German strike threat

By Quentin Peel in Frankfurt

IG Metall, the 3.25m-strong German engineering workers' union, yesterday backed away from instant confrontation in its annual wage negotiations, accepting an invitation from the employers to talks on Friday.

However, Mr Klaus Zwickel, its leader, set a one-week deadline for new proposals from Gesamtmetall, the employers' federation, before the union begins the process leading to a ballot on full strike action.

He warned that both sides remained far apart in their regional negotiations across the country in which the union is seeking firm job guarantees in exchange for radical cost cuts sought by the employers.

"IG Metall will not bow to any diktat from the employers," the union leadership said in a statement. "We do not want a conflict, but we are not going to avoid it at any price." The union will decide on February 21 whether to hold a strike ballot, the essential preliminary to an all-out strike.

Mr Zwickel's acceptance of the invitation to meet Mr Hans-Joachim Gottschol, Gesamtmetall's president, was welcomed by the employers as a "last chance" to reach a solution. "We know this is the last stage before open conflict," Mr Werner Rieck, the Gesamtmetall spokesman, said last night. "Both sides must sound out their final compromises."

The union leader gave some indication of a readiness to compromise, but within clear limits. He is now merely calling for "nominal" pay rises, implying that an increase below the forecast 3 per cent inflation rate would be acceptable, rather than the 5.5-6 per cent in the formal pay demand.

As far as any changes in working hours are concerned, the union is not prepared to see any open-ended deal to increase the present 36-hour week, as the employers want, but is happy to negotiate a cut in working time.

The industry is due to move to a 35-hour week from October, 1995, and Mr Zwickel wants that date brought forward by 18 months, as a measure to stem the rise in unemployment.

He also wants a temporary two-year deal allowing individual companies to cut working hours to as little as 30 per week, without full compensation of earnings, in order to reduce their excess capacity during the current recession. In exchange, the union wants plant-level guarantees of no redundancy.

Mr Zwickel also suggested a marginal flexibility in terms of longer working hours: instead of averaging a 36-hour week over six months, with individual working weeks of up to 40 hours, the union is ready to see the period extended to 12 months.

The employers say that is merely a change in the organisation of working hours and not in the absolute volume, as they want.

"Our common goal is to save jobs," Mr Rieck said. "It is not possible to do that without cost cuts. There must be flexibility in working hours upwards as well as downwards."

IG Metall fears that the employers are using their arguments for flexibility as a way of undermining the entire concept of a national wage agreement, leading to plant-level bargaining.

Doubts persist on Bosnia air strikes

Robert Mauthner, Diplomatic Editor, on growing pressure for action in the republic

The massacre of 68 shoppers in a Sarajevo market last weekend has concentrated world attention as never before on the need for effective action in Bosnia.

Even those, like Britain, who have always had deep reservations about the usefulness of military intervention, are talking about more "muscular" action. And even that paragon of caution, Mr Douglas Hurd, UK foreign secretary, has said that the Sarajevo atrocity "brings us near a decision, in one way or another, to use force".

Yet for all the huffing and puffing and the widespread feeling that "enough is enough", a big question-mark hangs over the use of air power – the only type of military action any of the western powers is prepared to contemplate. The statement issued by the European Union's foreign ministers at their meeting in Brussels on Monday that Nato and the United Nations should try to lift the siege of Sarajevo "using all means necessary, including the use of air power", certainly marks a political change of direction.

Only last spring the Europeans rejected a US proposal which included the use of air strikes against Bosnian Serb artillery positions, as well as the selective lifting of the arms embargo against the Bosnian Moslems.

In practice, however, a decision to go ahead with air strikes now lies in the hands of Nato, which has been asked by Mr Boutros Boutros Ghali, UN secretary-general, to authorise such bombing raids, if these are considered feasible and once the responsibility for the Sarajevo massacre is deemed to have been clearly established.

The advice of senior Nato and UN commanders will be crucial in any final decision to launch air strikes and it is no secret that most military experts are extremely sceptical about their effectiveness in Bosnia's wooded and mountainous terrain.

After a two-hour meeting of President Bill Clinton's senior national security advisers on Monday, Mr William Perry, defence secretary, indicated that he and General John Shalikashvili, chairman of the joint chiefs of staff, had expressed their doubts about such a course of action. "We take very seriously the limitations of air strikes against, first of all, artillery type targets, and secondly, any targets that are embedded in a civilian population."

Bosnian Serb artillery and tank positions, when they are not concealed in forest, are reported to be highly mobile and easily relocated when under attack. If they were deployed in populated areas, air strikes would risk killing innocent civilians. Moreover, Serb and Moslem positions are frequently so close to each other that bombing raids could kill combatants from both sides.

Quite apart from the military limitations of air strikes – recognised by Mr Warren Christopher, US secretary of state, when he said a whole range of other options were also being considered – there are many political and, ultimately humanitarian drawbacks.

The launching of air strikes against the Bosnian Serbs, by triggering retaliation against inadequate UN forces, could bring to an end the whole UN peacekeeping operation in Bosnia and greatly jeopardise, if not halt altogether, the delivery of international aid.

Equally serious, air strikes, while satisfying the growing desire of western public opinion and governments for punitive action, are unlikely to bring a political solution any nearer. That is why Britain, as well as the US, continue to insist that they be linked to clear objectives that would end the conflict.

Both France and Britain have been doing their utmost, so far with little success, to persuade the US to become more closely involved in the peace negotiations. The US, which was responsible for sinking the original Vance-Owen plan for the division of Bosnia-Hercegovina into 10 semi-autonomous provinces, has been equally unenthusiastic about the international mediators' subsequent project.

This would carve the country up into three ethnic mini-states – Serb, Moslem and Croat – but has proved unacceptable to the Moslems, who argue that the territory allocated to them does not amount to a viable country. Washington has all along refused to support a solution which is not approved by the Moslems, thus making sure that the stalemate at the Geneva peace conference, which has been further exacerbated by Croat-Moslem fighting and territorial disputes, will not be broken.

One possible way out of that stalemate is agreement by the three warring parties to the mediators' proposal that, as a first step, a separate agreement should be reached on Sarajevo, which would demilitarise the city and place it under UN administration. Such a partial solution, which would cover an area of some 1,500 sq km around Sarajevo, would relieve the siege of the city by putting it out of range of Serb guns.

Lord Owen, the EU's representative, has indicated that Mr Radovan Karadzic, the Bosnian Serb leader, would be willing to negotiate such an agreement, though the latter is notorious for failing to keep his word. A rapid separate agreement on Sarajevo, on which talks are due to be held in Geneva tomorrow, could be the best way of avoiding a military escalation in Bosnia, with unforeseeable consequences. It could also be the first step towards an overall peace settlement, which remains the only way to end the conflict.

Boutros Ghali calls on Nato to step in

Following is the text of Mr Boutros Boutros Ghali's letter sent to Mr Manfred Wörner, Nato secretary-general, on Sunday and to members of the UN Security Council:

I have the honour to refer to resolution 836 adopted by the United Nations Security Council on 4 June 1993.

In paragraph 9 of that resolution the Security Council authorised the United Nations protection force (Unprofor), in carrying out the mandate conferred on it by paragraph 5 of that resolution ". . . . acting in self-defence, to take the necessary measures, including the use of force, in reply to bombardments against the safe areas by any of the parties. . . ." The safe areas had been declared by the Security Council in its resolution 824 of 6 May 1993. They included Sarajevo.

In paragraph 10 of resolution 836, the Security Council further decided that ". . . . member states, acting nationally or through regional organisations or arrangements, may take, under the authority of the Security Council and subject to close co-ordination with the secretary-general and Unprofor, all necessary measures, through the use of air power, in and around the safe areas in Bosnia-Hercegovina, to support Unprofor in the performance of its mandate set out in paragraphs 5 and 9 above."

In the declaration of the heads of state and government participating in the meeting of the North Atlantic Council held at Nato headquarters, Brussels, on 10-11 January 1994, the heads of state and government inter alia reaffirmed their "readiness under the authority of the United Nations Security Council and in accordance with the alliance decisions of 2 and 9 August 1993, to carry out air strikes in order to prevent the strangulation of Sarajevo, the safe areas and other threatened areas in Bosnia-Hercegovina."

You subsequently informed me that, whereas the North Atlantic Council had already authorised close air support, a further decision would be required for it to authorise air strikes. I supported this position to the Security Council in my letter of 28 January 1994 addressed to its president.

The mortar attacks last week against civilian targets in Sarajevo, at least one of which has been established by Unprofor to be the work of Bosnian Serb forces, make it necessary to prepare urgently for the use of air strikes to deter further such attacks.

I should be grateful, therefore, if you could take action to obtain, at the earliest possible date, a decision by the North Atlantic Council to authorise the commander-in-chief of Nato's southern command to launch air strikes, at the request of the United Nations, against artillery or mortar positions in or around Sarajevo which are determined by Unprofor to be responsible for attacks against civilian targets in that city.

The arrangements for the co-ordination of such air strikes would be elaborated through direct contacts between Unprofor headquarters and Nato's southern command, as has already been done in the case of close air support for the self-defence of United Nations personnel in Bosnia and Hercegovina.

I am today informing the members of the Security Council that I have addressed the above request to you.

Finland attacks EU demand on farm prices

By Lionel Barber in Brussels

Finland sharply criticised the European Union yesterday for demanding an immediate realignment of its farm producer prices as the entry ticket to the EU.

A Finnish statement issued in Brussels said the demand would require the country's farmers to halve prices to match EU levels, upsetting markets and putting at risk a Yes vote in a referendum on EU membership.

The remarks jolted optimism at the end of a two-day meeting of EU foreign ministers in Brussels. The meeting agreed on an EU negotiating position on regional aid, Nordic agriculture, and special assistance for farmers in Sweden, Finland, Austria and Norway.

Diplomats said the EU's common position, though ambiguous, kept hopes alive of agreement with applicant countries by the March 1 target date. "It keeps the momentum going," said an EU official. "Now we are ready for the endgame."

Apart from the matter of how much each applicant pays into the EU budget, the farm and regional aid issues are the trickiest in the accession talks. Norway, however, faces a special problem in the fish negotiations and could easily miss the March 1 deadline.

Finland's intervention was seen in some quarters as a tactical diversion aimed at impressing its domestic audience. But Helsinki was also caught flat-footed by the European Commission's insistence on a "big bang" price alignment supported by national aid, rather than a slow transition favoured by the Brussels agriculture directorate.

It also expressed concern about a ministerial position on Nordic agriculture which stated that the EU would consider "national long-term aids" for regions with low temperatures and short growing seasons. The ministers stressed, however, that this assistance should not be linked to production or distort competition.

In the talks, Spain and Portugal blocked an offer of the most generous form of regional aid – known as Objective One – to the applicant countries. Their fear is that this could lead to competing claims to the biggest pot in the structural fund budget.

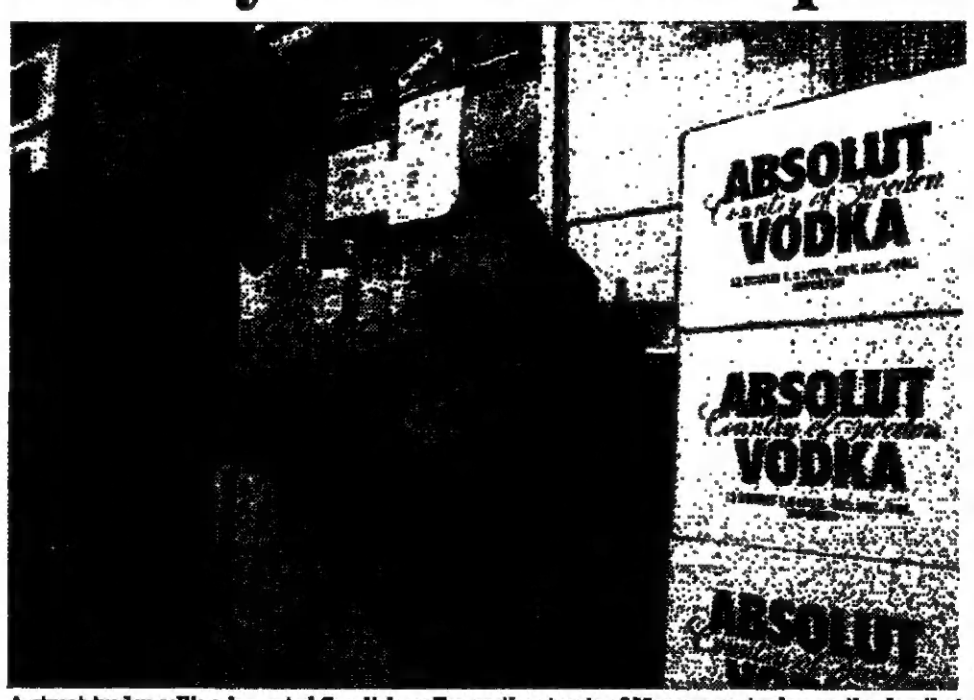
Instead, ministers agreed on the principle of "analogous treatment", leaving the number of areas to be negotiated over the next three weeks. The compromise provoked criticism from Sweden which pressed for special treatment of its northern provinces called Norbotten.

Austria also dug in on its demand for special arrangements covering Alpine transit traffic. It wants a nine-year exemption from the Common Transport Policy so as to protect against traffic pollution; but Brussels is offering only a three-year transition until 1998.

Illarionov warns 'old guard' now in power has Yeltsin in its sights

Key Chernomyrdin adviser quits

By Leyla Boulton in Moscow



A street trader selling imported Swedish vodka on the streets of Moscow yesterday on the day that Russia's biggest vodka distillery closed and temporarily laid off 700 workers. Moscow's Kristall plant, manufacturer of the popular Stolichnaya brand, blamed its plight on growing foreign competition, increased duties and domestic underground distilleries turning out forgeries Reuter

One of the last remaining radical reformers in the Russian government quit yesterday, warning that President Boris Yeltsin was next on the wanted list for the "old guard" of bureaucrats and industrial lobbyists now in power.

Mr Andrei Illarionov said he had resigned as chief economist to Mr Victor Chernomyrdin, prime minister, because he had "joined the government to conduct economic reforms, not to bury them".

He said that since President Yeltsin launched radical reforms in January 1992 Russia had been in the throes of "a hidden civil war" and that the old guard, resentful of its loss of power, "did everything" to squeeze out reformers like Mr Boris Fyodorov, the former finance minister.

"1994 is the year during which they will try to overthrow Yeltsin," he said.

However, Mr Illarionov reserved his sharpest criticism for Mr Victor Gerashchenko, central bank chairman, whom he accused of a long list of "crimes" – top of which was last summer's highly unpopular monetary reform – designed to discredit and eventually overthrow Mr Yeltsin. He said Mr Chernomyrdin had saved Mr Gerashchenko "four times" in the past six months.

The new government, he claimed, wanted to pursue "a different vision of the future of Russia", which basically involved restoring a Soviet-style military and industrial power with "some changes".

Meanwhile, Mr Fyodorov, yesterday elected head of parliament's sub-committee on central banking reform, vowed to investigate "an excessive number of unanswered questions" about the central bank's activity under Mr Gerashchenko's stewardship.

Mr Illarionov's decision to quit virtually completes a wholesale shift of radical reformers into opposition to the government. The exception is Mr Anatoly Chubais, deputy prime minister for privatisation, who has stayed on to complete his mass privatisation programme.

Tomorrow, the Russian parliament, which is also dominated by critics of radical reforms, is due to discuss two new programmes that have been put forward as alternatives to the government's existing blueprint, but which offer little by way of new policies.

These programmes lend credence to Mr Illarionov's charge that the the government "has knelt to the blackmail of sectoral and regional lobbyists", a claim which a group of veteran economists also made earlier this week.

"The lobbying will be stronger than ever before," said Prof Stanislav Shatalin, author of the ill-fated 500-day programme. Dr Leonid Abalkin, former deputy prime minister under President Mikhail Gorbachev, said: "This government will opt for the worst of all options, cobbling together bits of different programmes so that reforms don't happen at all."

Court blocks lay-offs by Fiat

By Robert Graham in Rome

Fiat's hopes of being able to push through a 5 per cent reduction in its automotive workforce and lay off a further 10 per cent for two years have received a setback from the courts.

A Milan court has ruled invalid a decision by Fiat to lay off for two years some 2,000 workers and 239 white collar staff at the Arese plant of Alfa Romeo near Milan. As a result, Fiat will be obliged to bring these people back onto the full payroll.

Unless Fiat can find a way round the ruling it could undermine the Turin-based auto group's plans to cut labour costs and return car-making operations to profit.

The ruling followed legal action by the most militant trade union grouping, Cobas, challenging the move which was put into effect three weeks ago. Arese employed 9,000 people before the restructuring plan began to be implemented and faces closure by 1996. The plant accounts for a quarter of the Fiat group's total planned lay-offs and job cuts.

The court upheld Cobas's claim that the lay-offs broke an agreement between management and unions made last June. This accepted the principle that future lay-offs would not be for indeterminate periods and that laid-off workers would be able to alternate with periods of work.

Scandal set to take the politics out of Italian banks

Robert Graham and Haig Simonian on new corruption inquiries

Within a week the heads of two of Italy's most important banks, the Treasury-owned Banca Nazionale del Lavoro and Milan-based Cariplo, have been obliged to offer their temporary resignations because of judicial inquiries into alleged corruption.

The resignations are in line with Bank of Italy rules introduced last August, when bankers first came under the judicial spotlight.

Whatever the outcome of these investigations, the impact on the future of Italian banking will be profound.

Mr Roberto Mazzotta, a Christian Democrat appointee, stood down last Friday from the chairmanship of Cariplo and since Monday has been in a Milan jail on charges of corruption. He is due to be questioned today about alleged phoney property deals conducted by Cariplo's pension fund to benefit the Christian Democrat and Socialist parties. Four other Cariplo executives have been issued with arrest warrants.

At BNL, Mr Giampiero Cantoni, the chairman, announced on Monday he was stepping down after news that he was being investigated for alleged payments to local Socialist politicians to facilitate property development in a Milan suburb. Mr Cantoni, a Socialist appointee, was brought in to clean up BNL in 1989 after the scandal of $4bn (£2.6bn) in unauthorised loans made to Iraq by its Atlanta branch.

A separate, routine Bank of Italy inspection is understood to have raised questions about BNL's lending to Mandelli, a high-tech engineering group recently placed in liquidation. With more than L100bn (£39m) of loans outstanding, BNL is the group's largest creditor.

Both Cariplo and BNL have insisted the functioning of their institutions is not affected. However, 14 executives who either hold or have held high office in 11 large banks and savings banks are under investigation on corruption charges throughout Italy.

These events will accelerate the process of change brought about by a combination of the collapse of the post-war political system and privatisation. Until now the state has controlled two-thirds of Italy's banking and financial institutions. The latter were simply divided into spheres of influence by the main parties, leaving managements with the often impossible task of fending off political interference.

The opportunity for abuse was ample since there was insufficient accountability. The Bank of Italy had only limited powers – for instance Mr Mazzotta was appointed by the Christian Democrat-led government against the central bank's objections. BNL was regarded as a "Socialist preserve".

Now the old political masters are fast vanishing, and privatisation further limits the scope for interference. Management will be answerable to shareholders – including foreign institutional investors – instead of the politicians.

The question is whether the latest arrests, and the possibility of other embarrassing revelations as the judicial spotlight is increasingly turned on the banks, will upset the gradual modernisation and improvement of standards in the antiquated banking sector.

In the medium term, the stigma of corruption investigations into Italian banking, once wrongly thought to be free of political influence thanks to close Bank of Italy supervision, will be an obstacle to privatisation. Many big municipal savings banks are being transformed into joint stock companies – the first step towards a possible flotation. Investors may think twice about buying shares if they fear skeletons in the cupboard.

Further ahead, however, the latest wave of investigations and arrests will accelerate calls for fresh blood in the banks. The two-year-old political corruption scandal has already put a virtual end to the time-honoured practice of *lottizzazione*, whereby political parties inserted their people into key public-sector posts.

Revelations of corruption in bank boardrooms would speed up the move toward greater transparency and accountability, instigated by privatisation. Already, Credito Italiano, the first big bank on the privatisation list, which was sold off last December, has altered its articles of association to allow outsiders into its top management ranks. Others are bound to follow.

NEWS IN BRIEF

Baltics trade pact given EU go-ahead

The European Commission can start negotiations on a free trade agreement with the Baltic states, EU foreign ministers agreed yesterday, writes Lionel Barber from Brussels.

Sir Leon Brittan, EU chief trade negotiator, said he wanted to move quickly to an association agreement similar to the ones agreed with Poland, the Czech Republic and Hungary.

Oslo protest to EU over fish

Norway yesterday lodged a formal protest with the European Union over last week's implementation of minimum prices on fish from non-EU countries and said talks on the move were planned for Friday, writes Karen Fossli from Oslo.

It also expressed disapproval to Paris and Brussels over "an effective blockade" in France of fish from third countries through rigid customs and veterinary practices.

Clarke rejects Delors policy

Mr Kenneth Clarke, UK chancellor of the exchequer, yesterday reiterated his opposition to key aspects of the Delors plan for jobs and growth, writes Philip Coggan.

Speaking in Paris, he said the right approach to tackling unemployment was "flexible, efficient labour markets".

Greek inflation at 20-year low

Greece's year-on-year inflation rate fell to its lowest level in nearly 20 years, at 11.1 per cent, according to the statistical service, writes Kerin Hope from Athens. The January rate was down sharply from 14.5 per cent in the same month in 1993, reflecting the effects of continuing recession.

Two sign deals with Nato

Hungary and Ukraine yesterday signed military partnership deals with Nato, joining a queue of east European nations which see the agreement as a prelude to full membership of the alliance, Reuter reports from Brussels. Meanwhile, Germany has signed an agreement with Slovakia on military training and officer exchanges.

Bulgarian land reform progress

Bulgaria has returned 47.7 per cent of the land confiscated under communism to its original owners and hopes to transfer the rest by the end of this year, the agriculture ministry said, Reuter reports from Sofia.

Implementation of land reform, passed in 1991 to end Soviet-style collective farms forcibly set up in the 1950s, was being mostly slowed down by excessive claims, it said.

Russian TV gets blackout threat

Trade unions yesterday threatened to starve millions of Russians of news and entertainment, cutting off most television programmes unless broadcast companies pay their bills, Reuter reports from Moscow. Television and radio companies owe money to technical and transmission installations which belong to the communications ministry.

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NEWS: THE AMERICAS

President pushes insurance reform plans

Clinton fights back over healthcare

By George Graham in Washington

President Bill Clinton is locked in a battle with business groups and political opponents over one of the central elements of his healthcare plan – the requirement that all businesses offer health insurance to their workers and pay for most of its cost.

Counterpunching after a week in which the Business Roundtable, the US Chamber of Commerce and the National Association of Manufacturers all denounced his reform plan, Mr Clinton yesterday took his message to workers at the US's biggest business, with a speech at a General Motors truck plant in Shreveport, Louisiana.

"General Motors and people like you are paying too much for your healthcare because people all over the country aren't paying anything at all," Mr Clinton said to repeated cheers from an audience that receives one of the best healthcare packages in the country.

Big companies such as GM are generally expected to benefit from the Clinton plan, since they already pay for health insurance for their employees and would not face any extra burden. In addition, the proposals would relieve GM and other businesses of a big part of the cost of health coverage for their retired workers.

But opponents who claim that the obligation would amount to a heavy tax on business were expected to receive a boost yesterday from the Congressional Budget Office, which was due to release its review of the financial underpinnings of the Clinton plan.

The CBO was expected to say it believed the insurance premiums employers would be required to pay should be included in the overall federal budget as receipts, but to stop short of calling them a tax.

Congressional budget experts said the CBO announcement would be "strictly symbolic" and would have no concrete consequences on the budget. Nevertheless, it would help opponents of the plan to paint it as a government takeover.

Mr Clinton hotly rejected this claim yesterday, counter-attacking against the insurance companies which have been the staunchest opponents of his proposals.

The Clinton budget published on Monday shows that his health reform would cost the government itself \$338bn (£225bn) over the six years from 1995 to 2000, including \$110bn to subsidise premiums paid by small business, \$69bn to pay for prescription drug coverage in Medicare, the government programme that provides health insurance for the elderly, and \$62bn to cover long-term nursing care.

This would be paid for by \$179bn of savings on Medicare and Medicaid, its counterpart for low-income households, by \$92bn from a 74c-a-pack increase in the cigarette tax, and by \$122bn of other revenues.

The White House's Office of Management and Budget calculates that even allowing for a \$41bn cushion, the plan would reduce the budget deficit by \$59bn over the six years.

Productivity in manufacturing up 5.3% in 1993

By Michael Prowse in Washington

US manufacturing productivity grew at an annual rate of 7.8 per cent in the fourth quarter and by 5.3 per cent during 1993 as whole, the Labour Department reported yesterday.

The rapid growth of productivity – output produced per hour – helps explain the accelerating pace of economic recovery in the fourth quarter, when gross domestic product grew at an annual rate of 5.9 per cent.

In sectors other than manufacturing, productivity growth was less rapid, but still impressive. For all non-farm businesses, productivity grew at an annual rate of 4.2 per cent in the fourth quarter and by 1.6 per cent during 1993 as a whole.

Last year marked the second year of unusually strong US productivity growth. Manufacturing and non-farm business productivity grew by 4.3 per cent and 3.1 per cent respectively in 1992.

The productivity gains are helping put downward pressure on inflation. In non-farm businesses, unit labour costs rose 1.9 per cent last year, against 2.0 per cent in 1992, a sharp deceleration from previous years.

In manufacturing, unit labour costs declined by 2.4 per cent last year after a 0.1 per cent gain in 1992.

Productivity growth is typically robust in the early stages of an economic recovery. But many economists believe the exceptionally strong gains of the past two years also reflect structural changes: extensive corporate restructuring in response to more intense foreign competition in an increasingly integrated global economy.

During much of the 1980s, non-farm business productivity grew at an annual rate of 1 per cent or less.

Talbott sees need for strong Israel

By Jurek Martin in Washington

Mr Strobe Talbott, nominated to be deputy secretary of state, yesterday told Congress that his belief in a close US-Israeli relationship was "unshakeable", as was his conviction that a strong Israel was in the best US national interest.

His comments, added to his formal testimony to the Senate foreign relations committee, were designed to address recent criticism that he might harbour reservations about the extent of the US commitment to Israel.

Speaking with care, Mr Talbott added that he fully supported all the policies of an administration which had achieved much in facilitating the Middle East peace process.

Although Democratic senators on the committee gave him a warm welcome, Senator Jesse Helms, the Republican from North Carolina and long-time scourge of the State Department, said he had "profound concerns" about Mr Talbott's qualifications for the job. "We don't need another policy wonk sitting in an ivory tower," he tartly observed.

Specifically Mr Helms questioned Mr Talbott's recent record as ambassador-at-large dealing with former Soviet republics. He quoted recent remarks by Mr Malcolm Rifkind, UK defence secretary, who speculated that the disintegration of the Soviet empire might be reversible, and Mr Boris Fyodorov, the former Russian finance minister, who had accused Mr Talbott's "rosy optimism" of undermining Russian reformers.

In his prepared remarks, Mr Talbott conceded that the US engagement with the former Soviet states had been "exhilarating but vexing". But he said the US could not remain a spectator, its involvement had "already made a difference," and it was important to "take the long view."

He predicted that Nato would evolve towards "maximum inclusiveness" should Russia remain unthreatening, but that its membership and security guarantees could be expanded faster to meet any new menace.

Canadian tobacco taxes cut sharply

By Bernard Simon in Toronto

Canada yesterday sharply cut tobacco taxes in the hope of curbing the growth in cigarette smuggling across its border with the US.

But the government balanced excise tax cuts with measures to avert a backlash from anti-smoking groups, including a new "health-promotion" surtax on cigarette makers' profits and a promise of tighter curbs on the sale and promotion of tobacco products.

The cross-border smuggling boom has its origins in high excise taxes, which have pushed retail cigarette prices up to about C\$45 (£23) a carton in Canada, almost double the US level. The problem is most acute in Quebec, where contraband products now account for an estimated two-thirds of total cigarette consumption.

Social and political concerns have put pressure on the government to clamp down. Much of the traffic has fallen into the hands of organised crime. Tensions have grown between law-enforcement authorities and Indian reserves, which straddle the border and are a favourite route for contraband.

In addition, Quebec separatists have sought to portray the smuggling issue as an example of the francophone province's interests being ignored by the rest of the country.

The measures announced yesterday include a C\$5 tax cut per carton of cigarettes, bringing federal taxes down to C\$11 a carton. Provinces willing to cut their taxes by more than C\$5 will have the cuts matched by the federal government.

The three-year surtax on tobacco companies is expected to raise about C\$200m. Ottawa will levy an export tax of C\$8 per carton to reflect the fact that most of the smuggled cigarettes originate in Canada.

Chiapas's gentle military strategist

Damian Fraser profiles the self-styled guerrilla 'sub-comandante' who has transfixed Mexico

A month after the guerrilla uprising in the southern state of Chiapas, Mexico is transfixed by the figure of "sub-comandante" Marcos, as he calls himself, the spokesman and chief strategist of the self-styled Zapatista rebels.

The sub-comandante formally reports to six Indian leaders who are the supreme authorities of the Zapatista army. But they themselves describe Marcos as the Zapatista military strategist, and have appointed him as interpreter to the outside, non-Indian world.

He has only been seen in public wearing a black balaclava that reveals nothing more than pale skin, a large nose and chestnut brown-green eyes. He seems to have a moustache and beard, and to be in his 30s. Other than that, his identity is hidden from the public.

But since peasant guerrillas first seized several towns in the impoverished state, Marcos has gripped the country with a series of ironic, sometimes poetic and always compelling communiqués that have arrived at Mexico's main independent newspapers from his base deep in the Chiapas jungle.

When President Carlos Salinas decided to offer the guerrillas amnesty for taking up arms, Mr Marcos asked whether they should be pardoned for dying of hunger, for not staying silent in their misery, for not accepting a gigantic history of contempt and abandonment, for dying of dysentery, cholera and typhoid, in a string of more than 150 rhetorical questions.

"Who should ask for a pardon and who should give it?" he asks in the letter, which along with others has turned Marcos into a cult hero for much of the country's urban middle class.

On Monday, Multivision, a subscriber-only television station, broadcast the first full-length television interview with Marcos. He was soft spoken, humorous and self-deprecating, even admitting to errors in the uprising on New Year's Day.

He said the lack of land and Mr Salinas's decision to end land reform was the detonator of the rebellion. He described a movement made up almost entirely of Indians from Chiapas, who received no help from the church, foreigners or other social groups.

In the clearest terms yet, he described the Zapatista battle as political rather than military, as one of mobilising public opinion against what the rebels see as the government's iniquitous economic programme and the country's authoritarian political system.

Asked why the Zapatista uprising did not spread, Marcos replied: "We did not expect that, we did not expect that the people of Mexico would say 'Oh look, here are the Zapatistas, now it is our turn' and pick up their kitchen knives and attack the first policeman that they found. We thought the people would say what they have said – something is wrong in this country, something has to change."

Despite the brutal nature of the uprising, in which policemen were killed by rebels in cold blood, Marcos has been proved right. The uprising has unleashed a wave of criticism of government policy and forced it to accept on paper a broad political reform. According to an opinion poll in Este Pais, an independent magazine, 61 per cent of Mexicans sympathise with the Zapatistas.

The sympathy for the sub-comandante in part stems from disillusionment with existing political leaders. While Marcos has been able to engage the public in a dialogue, the speeches of Mexican politicians are generally tedious and earnest.

In spite of his balaclava and guerrilla outfit, Marcos sounds remarkably moderate and avoids leftist dogma. He thus almost immediately dropped the original guerrilla demands for the resignation of the government and replaced them with calls for democracy and justice, especially for the country's indigenous peoples.

"Marcos is articulating very elegantly the aspiration of many Mexicans," says Mr Sergio Aguayo, a political scientist at the Colegio de Mexico. "His success is a testimony to the poor state of the political parties."

Marcos has instead painted the government as the extremists, especially when the army was accused of human rights abuses in the first part of the conflict. "We will not take the country a hostage. We do not want to, nor can we, impose on Mexican society our idea through force of arms, as the current government imposes its project for the country through force of arms," he wrote in one of his earlier communiqués.

Marcos is fond of evoking the heroes of Mexico's 1910 revolution, and much of his support may be linked with the public's romantic view of that period in Mexican history. Ironically, Emiliano Zapata, the revolutionary peasant leader after whom the rebel army is named, is one of the heroes of Mr Salinas, and his picture hangs on the wall in his office.

"The cultural values of Mexicans accept violence as a way to arrive at power," says Mr Federico Reyes Heroles, the editor of Este Pais.

The government, which has used revolutionary ideology to give it a legitimacy that elections have not, is now finding that out to its cost.

Marcos: masked middle-class cult hero AP

Hosokawa finds a lot to be sorry about

William Dawkins on Japan's political realities

The chaotic events of the past six days have exposed the precarious tenure of Prime Minister Hosokawa and the strength of the finance ministry.

Mr Morihiro Hosokawa, scion of a famous Samurai clan, was yesterday reduced to apologising – at least six times during his half-hour press conference – for the abruptness with which he last week announced a Y6,000bn a year tax cut and the introduction of a 7 per cent "welfare" tax.

An exhausted looking Mr Hosokawa bowed yesterday, physically as well as symbolically, to the wishes of the Social Democratic party, the largest member of his seven-party coalition, which had threatened to leave the government over the welfare tax.

Mr Hosokawa's decision to freeze the proposed new levy, which was to have replaced the present 3 per cent consumption tax, means the shaky loyalty of the Socialists has been assured – for a while. The income tax cut, meanwhile, is to be authorised for just one year, pending discussions on how to finance it, representing only a small concession from the finance ministry's fiscal conservatives.

Mr Hosokawa's original tax plan, prepared by leaders of the centre-right Japan Renewal party and Clean Government party with the finance ministry's advice, was rapidly withdrawn after other coalition members, including Mr Hosokawa's own Japan New party, were furious at not having been consulted.

"I apologise for giving the impression that the tax proposal was hastily put together or that it was done abruptly at a closed-door meeting," Mr Hosokawa said yesterday. Decision-making in Japan's first coalition government was bound to be prone to "a lot of trial and error". He promised to make sure decisions were made "more smoothly" and to consult coalition members in advance.

"Clearly, Mr Hosokawa is walking a tightrope," said Mr Peter Tasker chief strategist at Kleinwort Benson in Tokyo. "He is swaying in the wind, has wobbled and just about regained his balance. He doesn't look strong."

What is certain is that Mr Hosokawa's high-handed tactics have caused his popularity to waver, down to 52.5 per cent according to yesterday's Nihon Keizai Shimbun newspaper, a drop of 12.2 points from its previous survey in December.

The tax drama is a sharp reminder that for all the confrontations in Japanese politics since the coalition came to power six months ago, a traditional all-party consensus is still needed for some decisions.

The government wrongly thought it could ram through the tax changes in the same way it had opened the rice market and reformed the electoral system, argues one political commentator. However, the rice agreement was inevitable, because of international pressure for a trade agreement, while the public was unconcerned about the fine details of the compromise on political reform.

Mr Hosokawa again had to turn to the finance ministry to help prepare the final tax accord; a sign of the vacuum left by the collapse of the LDP's policy-making committees with its election defeat last July. The accord simply "rubber-stamped the finance ministry's views", scoffed Mr Yoshiro Mori, LDP secretary general.

Mr Hosokawa insisted yesterday that the ministry did not force its opinions on the government, contrary to several analysts' belief that the ministry is pursuing its own independent programme of fiscal conservatism, almost as if it were a political party. Finance minister Mr Hirohisa Fujii said his ministry's basic views were incorporated in the compromise since the possibility of raising the sales tax at a later date had not been excluded.

The ministry, supported by Mr Ichiro Ozawa's JRP, has long wanted a rise in consumption tax to increase the proportion of government funding derived from indirect taxation so as to compensate for the fall in income tax revenue from a fast ageing population.

Finance ministry officials concede they have been priming the public for economically sensible tax reform – and anecdotal evidence suggests that many ordinary Japanese believe consumption tax should rise. And of course those officials deny they have a hidden agenda.

Prime Minister Morihiro Hosokawa (left) has been forced to apologise extravagantly while Finance Minister Hirohisa Fujii finds his ministry's views incorporated in the package Pictures: AP and Reuter

Banks offered escape from bad loans

By Emiko Terazono

For more than two years, the weakness of Japan's banking system has depressed the stock market while persistent fears of a credit crunch have undermined business confidence.

The Finance Ministry and the banks have traditionally dealt with bad loans by slowly writing off their loans. But declining investor confidence and increasing criticism over the delay in write-offs have forced the inclusion in yesterday's package of measures allowing banks to shift deteriorating assets off balance sheets.

The ministry will allow banks to set up a company to buy restructured loans – loans on which the banks have agreed to waive interest rates in order to help financial restructuring – made to non-bank financial institutions, such as housing loan companies.

During the late 1980s, banks, brokers, and manufacturers tried to take advantage of low interest rates and booming stock and property markets by setting up finance companies, many of which now face financial problems due to reckless lending.

After selling off a restructured loan at a discounted price to the company, which the banks themselves will have to fund, a bank will write off the difference and the company will monitor the financial restructuring of the borrower.

Tokyo's financial community welcomed the government package yesterday although much of the buying had been done last week, when the government had initially hoped to announce the measures.

The Nikkei average of 225 leading shares, which fell 287.03 points on Monday, rebounded 236.83, or 1.2 per cent, to 20,251.23.

The bond market, recently depressed by fears of extra supply of government bonds to finance the income tax cut and economic package, gained ground. The yield on the No 157 10-year benchmark fell 2.5 basis points to 3.5 per cent as investors regarded the over-supply factor as already discounted in the yield.

The ministry also urges banks to accelerate the write off process or to make provisions against their bad and risky loans.

The Finance Ministry also wants the banks to step up the use of the Co-operative Credit Purchasing Company, set up last year to buy the property collateral of problem loans.

The guideline also recommends banks to increase their capital base through issuing preferred stock and subordinated loans. In order to add liquidity to the property market, the ministry will ease restrictions on property-related lending.

Cuts 'will make a considerable difference'

Double-income family can do with this boost

By Michiyo Nakamoto in Tokyo

Mrs Keiko Miyaguchi is happy with the compromise tax plan which she expects will be a significant boost to her spending plans this year.

"We have been penny-pinching these days because the outlook has been uncertain, so it will be nice to see a cut in those taxes which make up a large proportion of our tax burden," Mrs Miyaguchi says.

With two children in college, a mortgage and an active social life, the Miyaguchis, both in their early 50s, feel they can use a boost to their double income.

"I don't think I would save the money but use it to travel, buy a new car and other goods that we have refrained from purchasing," says Mrs Miyaguchi, who works as a filing clerk at a large firm of lawyers in central Tokyo.

"Besides, interest rates in Japan are so low it is hardly worth saving.

"My understanding is that we are in the income bracket that benefits most from the tax cut, so I think it will make a considerable difference to us," she says.

JAPANESE TAX CUTS

Fiscal year	Details	Size Y bn	Revenue source
1983	Raising basic deduction, deduction for spouse and deduction for dependant by Y10,000 each	150	Surplus in previous years
1987	Income classification simplified and special deduction for spouse introduced	1,500	Tax free savings abolished in principle
1988	Advance enforcement of income tax revision	1,300	Increase of tax revenue
1989	Radical revision of income tax	2,400	Introduction of consumption tax
1994	Radical tax cuts. Income and residential taxes	5,850	Deficit bonds (temporary)

Source: Daily Yomiuri newspaper

Her husband works for a large construction company and is among those who have been fortunate enough not to see their pay suffer significantly despite the recession.

But not all families are as fortunate as the Miyaguchis, who receive two pay packets each month and have already bought their own home, and will see their financial burden ease as the children graduate from college over the next few years.

The tax cut will have a minimal beneficial impact on lower-income families, according to studies conducted by several private think-tanks.

A family with income of Y5m (£30,978) a year, will have an extra Y40,000 a year to spend, according to an independent study.

That is enough for one member of the family to make a day trip from Tokyo to Kyoto, or for the family to buy a dozen or so extra beers a month.

Main aim is to increase consumption

By Emiko Terazono in Tokyo

The centrepiece of the Japanese government's package is a Y5,850bn (£35.29bn) tax cut in order to boost consumption funded by deficit covering government bonds.

This year, the government will implement a Y3,840bn cut in income tax, a Y1,630bn cut in residential tax, a Y70bn passenger sales tax cut (through a reduction in the rate from 4.5 per cent to 3 per cent), and a Y310bn cut in corporate taxes.

This is to be done by abolishing a special corporate tax, originally implemented to finance Japan's $9bn contribution to the Gulf War, at a rate of some 1 per cent of pre-tax profits.

In addition to the central tax cut of Y5,850bn, there is a further Y170bn reduction in inheritance taxes, making the total tax cut Y6,020bn.

Residential and income tax cuts will be reviewed at the end of the year, together with a scheduled reform of the whole tax system.

The fiscal spending portion of the package announced yesterday totals Y9,400bn.

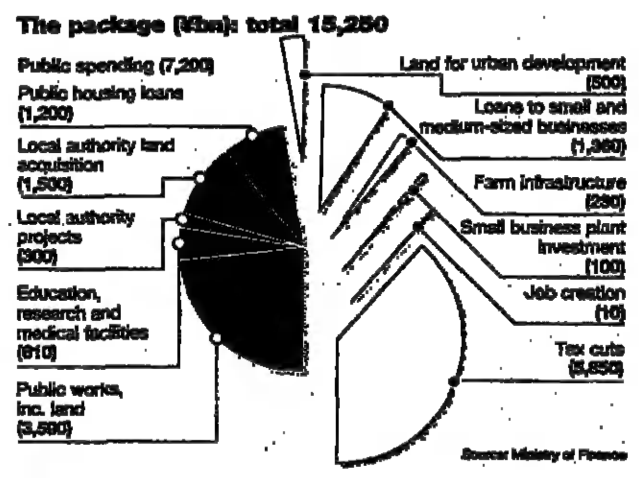
A third of this will be spent on measures increasing public and private buying of land to provide liquidity to the country's stagnant property market and assist corporations wanting to unload their property holdings.

The spending element includes a Y780bn in advance acquisition of land for public works, Y1,500bn in advance property purchases by local authorities, and Y500bn in supplying low interest rate loans to a land-buying organisation, which will act as a broker between sellers and buyers of land in the private sector.

Public works spending by the central government on infrastructure such as sewage systems and roads totals Y2,810bn, while Y610bn will be spent on improving educational and research and development facilities, and Y300bn on projects carried out by local governments.

To promote further purchases of houses, some Y1,200bn is allocated to low interest rate housing loans by the Housing Loan Corporation. Increases in low interest rate loans for small and medium businesses totals Y1,360bn, while Y230bn will be spent on agricultural infrastructure ahead of the opening of the country's rice market.

Tax incentives to promote investments in plants and equipment will total Y100bn, while Y10bn will be spent on employment subsidy schemes to help middle-aged workers facing an increasing threat of unemployment due to labour rationalisation.



Retailers and small business unimpressed

By Paul Abrahams in Tokyo

Retailers and small businesses were unimpressed by Mr Hosokawa's package. Few believed it would boost the economy or improve their short-term sales. Most interest was focused on the tax cuts.

Mr Kenichi Mitsumori, president of a small printing group employing five workers in central Tokyo, said he expected the economy to deteriorate further this year in spite of the income tax cuts. "The income tax cut won't really affect consumers' attitudes, so I don't expect any changes in my business," he said.

"There won't be any recovery until the automotive sector picks up. One of my clients is a US carmaker, so the bilateral trade talks are probably more important for my business than any tax cuts," Mr Mitsumori said.

Sales staff at a small Tokyo clothes store were equally unimpressed. "The proposed tax cuts will only really affect the spending patterns of high-income earners. For most households, earning between Y7m (£43,346) and Y8m a year, life will continue to be hard, and they will continue to refrain from buying luxury clothes," said one manager. Turnover at the shop had been stagnant and was unlikely to improve in the short term.

Ms Kokusai Kikau, president of a small travel agency, took a dim view of prospects. "I don't think the tax cut will have any influence on my business. Most of my clients are middle class, and still manage to take a trip to Hawaii. I don't think the cuts will help these people to increase the number of times they go abroad."

The Isetan department store chain said the tax cuts might boost disposable incomes, but it was hard to gauge the likely impact of the measures.

Indian exports show 22% rise

By Stefan Wagstyl in New Delhi

India's exports rose 22.2 per cent to $2.6bn (£1.74bn) in December 1993, extending a surge which began in April, according to government figures.

The data will comfort the government as it prepares its 1994-95 budget, due to be announced later this month. Mr P V Narasimha Rao, the prime minister, who launched economic reforms in mid-1991, hopes rising exports will help fuel broad-based growth in the Indian economy.

Exports in the year to March 1993 grew by just 3.6 per cent due to a slump in sales to the former Soviet Union and because of unrest following the sacking of the Ayodhya mosque. In early 1993-94 exports recovered sharply although the underlying improvement was exaggerated by the late shipment of orders initially delayed by the riots.

More recent figures indicate exports are continuing to grow and suggest the government's pro-export policies are starting to produce results. For the nine months to the end of December, exports rose 19.9 per cent to $15.7bn – well ahead of the government's target of a 15-16 per cent rise.

However, imports in the same period rose by just 6 per cent because of continuing sluggish demand for imported machinery and other capital goods. Weak demand for imports has lifted India's foreign exchange reserves to the record level of more than $10bn, helping to stabilise the rupee and to give India a comfortable reserve.

It also reflects a prolonged slowdown in industry. Figures published yesterday showed industrial production in the seven months to the end of October, the latest period for which data is available, rose just 1.6 per cent. Manufacturing output was up 1 per cent.

Like last year, industry is urging the government to use the budget to raise spending and boost demand. But there are limits to how much the government can increase its own spending to encourage growth because of a sharp rise in public sector borrowing.

The fiscal deficit for 1993-94 could be as high as 6.5 per cent of GDP, compared with a target of 4.5 per cent. Economic growth is expected to be about 4.5 per cent, broadly in line with government forecasts, but the management of public borrowing has been hit by lower than expected tax revenues and higher than planned spending, including increased food subsidies.

Mideast talks progress slowly

By Julian Ozanne in Cairo

Israel and Palestinians yesterday made good but slow progress towards drafting a long-delayed agreement on security issues to implement Palestinian self-rule in the Gaza Strip and West Bank area of Jericho.

Mr Shimon Peres, Israeli foreign minister, and Mr Yassir Arafat, Palestine Liberation Organisation chairman, were due to meet President Hosni Mubarak, who is mediating between the two sides. Neither side offered any clue whether they would be able to initial a draft agreement last night or today, when Mr Peres and Mr Arafat are due to leave Cairo.

Mr Peres said: "We have to negotiate quietly... We shall try to conclude as soon as we can. I cannot give you a date." Mr Nabil Shaath, senior PLO negotiator, said the two sides had resolved "six or seven minor issues" in morning talks. "We are going a little slowly but we are going..."

Israeli officials confirmed the two sides were seeking to "clarify" a draft agreement reached between Mr Peres and Mr Arafat in Switzerland 10 days ago. The talks mainly focused on details of a Palestinian presence at border crossings; Israeli security arrangements at the borders and the operational role of the Israeli army in protecting Jewish settlers remaining in Gaza once Israeli forces have complete a troop redeployment.

Mr Yossi Sarid, environment minister, confirmed the Cairo talks were aimed at initialling the security clauses of a protocol as a prelude to Israeli troop withdrawal from Gaza-Jericho and the transfer of power to Palestinian hands.

Mr Sarid said that once the security clause were initialled, the two sides would have to hold at least two weeks of further talks in Paris and Egypt on economics and the role of the Palestinian police force before Mr Yitzhak Rabin, Israeli prime minister, and Mr Arafat could formally sign the protocol.

"We do hope to conclude the security agreement today and if not today tomorrow or after tomorrow," Mr Sarid said. But he cautioned: "Always the beginning of talks is very positive and the atmosphere constructive but some times it is difficult to translate that atmosphere into results."

Japan to cut drug prices by 6.5%

By Paul Abrahams in Tokyo

Japan's Health and Welfare Ministry yesterday confirmed it intends to cut prescription drug prices by an average 6.5 per cent. The cuts, part of a regular series of reductions every two years, will be implemented on April 1.

The move will further undermine a sluggish Japanese medicines market, the world's second most important. Analysts believe it is at present growing at only 3 per cent a year.

Japanese groups will be most affected, being so dependent on the domestic market. The cuts represent another blow for European and US companies, which over the past 12 months have endured often radical health care reforms in Germany, Italy, the UK, France, and Spain.

The growth of the US market, the world's largest, is also decelerating as changes transform the customer base.

Drugs groups operating in Japan have been informed how their medicines will be affected by the latest cuts. They can now appeal. The ministry expects to complete talks by the second week in March.

The cuts are based on a complicated formula dependent on the levels of discounts offered by wholesalers to hospitals and pharmacists. The new price is fixed by the ministry at the transaction price plus 13 per cent. No prices will be increased. The 6.5 per cent reduction compares with a cut in 1992 of 8.1 per cent.

Antibiotic prices are expected to suffer most because they are discounted more than other drug classes. The 6.5 per cent average reduction does not include additional "special" cuts on fast growing successful medicines such as cholesterol-lowering drugs and interferons.

These extra cuts have caused anger among domestic and foreign companies which believe the measures represent panic efforts to reduce health care spending at a time of falling tax receipts during the recession.

They have warned that the special cuts provide a disincentive to develop successful innovative compounds. Among the interferons affected will be Daiichi's Feron, with sales of about Y23bn (£142m) last year compared with group turnover of about Y201bn, and Yamanouchi's Interon A, a product licensed from Schering of Germany.

'Backsliding' on chip deal, Page 5

NEWS IN BRIEF

Nigerian foreign exchange sale

The Central Bank of Nigeria has set up a committee including representatives from banking and industry to allocate the first foreign exchange sale of the year to the private sector, writes Paul Adams in Lagos.

Under a regulated system announced in last month's budget, the government has fixed the exchange rate at N22 to the dollar, minimised the role of banks in foreign exchange and outlawed the parallel market where the dollar changes for at least N46.

The bank will allocate foreign currency pro rata to importers with 50 per cent going to manufacturing industry, 30 per cent for finished goods and 10 per cent for agriculture. The remaining 10 per cent of foreign exchange will be sold at the bank's discretion for invisible exports.

Militants claim bank bombs

Moslem militants in Egypt yesterday claimed responsibility for planting bombs at three Egyptian state banks, only one of which exploded, Reuter reports from Cairo. They said the bombs found on Monday were the start of a violent campaign to enforce the Islamic ban on usury. The Gama'a al-Islamiya, the largest militant group fighting the Egyptian government, gave people two weeks to withdraw their money from banks which pay interest.

Action urged on Somalia

Italy yesterday said the United Nations mission in Somalia faced collapse and called for a diplomatic drive before western troops pull out at the end of March to prevent all-out clan war, Reuter reports from Rome. Defence Minister Fabio Fabbri also said Italy was sending a naval task force to Somalia and putting warplanes on standby to cover the withdrawal of its own troops.

Togo votes along ethnic lines

Togo's former ruling party yesterday took a slim lead in the country's first multi-party parliamentary elections, but early results indicated voting in the West African state was splitting along ethnic lines, Reuter reports from Lomé.

NEWS: WORLD TRADE

Treuhand and French group seek to end uncertainty over Leuna

Elf may reduce stake in refinery

By Judy Dempsey in Berlin and John Ridding in Paris

A meeting aimed at resolving differences over one of eastern Germany's largest investment projects will take place today between Mrs Birgit Breuel, head of the Treuhand privatisation agency, and Elf Aquitaine, the French oil group.

Mr Philippe Jaffré, who took over as Elf chairman last August, is seeking to reduce his company's stake in the Leuna refinery from 65 per cent to 35 per cent as part of his strategy of curbing investments and increasing profits at the oil group. Elf, which is in the final stages of privatisation, saw net profits fall from FFr6.2bn in 1992 to FFr1.1bn (£120m) last year.

The rebuilding of the Leuna refinery, based in the state of Saxony-Anhalt, is seen as a crucial element of the Treuhand's long-term strategy for the region. It wants the refinery to provide the basis for a petrochemical industry developed around Leuna, as well as provide jobs in a depressed region of eastern Germany.

Mr Günter Rexrodt, the German economics minister, had already told Mr Edmond Alphandéry, his French counterpart and Mr Gérard Longuet, the French industry minister, that the uncertainty surrounding such an important project must be removed.

Under the terms of the 1992 agreement with the Treuhand, Elf undertook to rebuild with Thyssen Handelsunion the refinery with a total investment commitment of DM4.3bn (£1.64bn). The aim was to develop by 1996 a facility with a capacity of about 10m tonnes per year and secure at least 1,000 jobs.

British Petroleum and Statoil had also competed to acquire Leuna, but they could not match Elf's substantially larger investment commitments. As part of the deal, the French company gained control of the Minol network of service stations in eastern Germany.

Elf has repeatedly said it would find new partners for its reduced stake in Leuna. It is even considering reducing annual capacity to 8m in order to reduce the total investment requirement. But Treuhand officials yesterday said the company had found "no takers". It remains unclear if Elf's contract with Minol would be affected if it reduced its stake without finding partners. In any case, Treuhand officials confirmed it reserved the legal right to impose penalties for any breach of contract.

The Leuna investment project is backed by subsidies amounting to about 35 per cent of the total investment. Despite opposition from Germany's oil companies, which criticised the subsidies on the grounds of unfair competition, the federal government in Bonn, the European Commission, the Leuna board, and President François Mitterrand pushed hard for Elf's acquisition of Leuna and Minol.

EU to scrap many quotas in overhaul of import regime

By Lionel Barber in Brussels

The European Union yesterday reached agreement on a comprehensive overhaul of its import regime coupled with a strengthening of its commercial defence weaponry.

EU foreign ministers meeting in Brussels agreed to scrap some 4,700 national quotas on cheap imports which have existed for the past 30 years, mainly against so-called state-trading countries such as China and North Korea.

A new EU-wide quota will cover a limited number of textile products as well as seven categories of Chinese imports, including crockery, kitchen ceramics, gloves, low-cost footwear, and transistors.

Despite continuing objections from the UK, ministers agreed to make it easier for the EU to take action against unfair traders. The main difference is that the Council of Ministers will retain the power to impose definitive anti-dumping or countervailing duties, but these will now be decided by a simple majority only.

This change reverses the earlier position whereby a UK-led free trade bloc, usually including Germany, Denmark and the Netherlands, was able to block anti-dumping duties through a qualified minority. The reform was agreed in principle last December as part of the price France demanded for supporting an agreement in the Gatt world talks.

Sir Leon Brittan, chief EU trade negotiator, said the new import regime and the streamlined operation of trade weapons would offer business more certainty and transparency.

"I don't regard this as a contradiction to open trade. Open trade means trade according to rules. If rules are broken by other people, it is no use having [just] the right to defend oneself. You have to have the capacity to defend yourself."

On China, ministers agreed to raise the quota on cheap plastic shoes from 22.6m to 35m pairs. Other quotas on low-cost leather shoes remain at the same level of around 60m pairs. The quotas do not apply to so-called high-tech running shoes, according to Brussels officials.

Mr David Heathcoat-Amory, British foreign minister, said the new rules did not amount to a great blow to free trade.

Japan 'backsliding' on chip deal, Clinton told

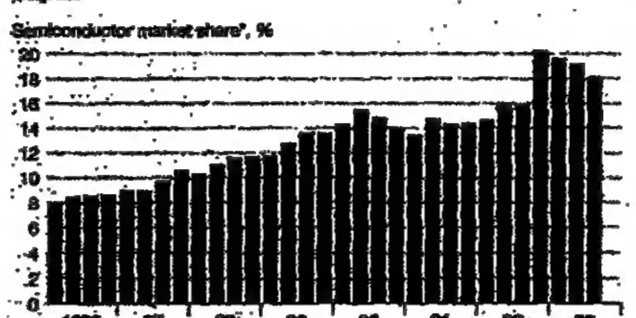
By Louise Kehoe in San Francisco

Japan is backsliding on efforts to open its markets to foreign semiconductor manufacturers, the US semiconductor industry has warned in a letter to President Bill Clinton ahead of his meetings with Japanese Prime Minister Morihiro Hosokawa next week.

US-Japanese trade relations are in jeopardy because of deteriorating results from the 1991 US-Japan semiconductor trade agreement, the chip makers said, noting that the accord had become "a litmus test as to whether real progress can be made in the troubled US-Japan trading relationship".

"If this agreement fails, given all the priority and effort given to it by both countries' governments and industries, there is little reason to believe that any other negotiations can succeed."

"We can't help but feel that we are drifting toward an era of confrontation and recriminations. This is unfortunate because it is completely avoidable," said Mr Andrew Procassini, president of the Semiconductor Industry Association, a trade group representing US chip makers.



"The US semiconductor industry wants sales, not sanctions" said Mr Daryl Hatano, SIA vice president. "But we feel that we are being pushed in that direction."

The foreign share of the Japanese semiconductor market rose above a 20 per cent target established in the trade accord in the fourth quarter of 1992, encouraging the Clinton administration to site the agreement as a model for other sectors because it established "measurable results".

However, over the past three quarters, the foreign semiconductor market share figure has fallen to 18.1 per cent. Emergency talks between the two governments last month in Tokyo failed to produce agreement on stemming the decline.

"The forward momentum has been lost and we are very worried about backsliding," said Mr Procassini. Although US industry executives expect a modest rise in the 1993 fourth quarter figure, it is not expected to meet US demands for an average 20 per cent market share for the year.

"The most disquieting aspect of this deterioration in foreign market share is the Japanese side's complete unwillingness to sense the seriousness of the problem or to commit to take any extraordinary steps to reverse the decline," Mr Procassini said.

Guidelines proposed to avert environment rows

By Frances Williams in Geneva

An ambitious attempt to heal the rift between trade, environment and development interests was launched yesterday with the publication of seven key principles designed to guide decision-makers on trade and environment issues.

The principles* are the work of a nine-strong expert group brought together by the Canada-based International Institute for Sustainable Development.

The group is hoping that the principles will help underpin the current debate in the General Agreement on Tariffs and Trade over its future work on trade and the environment. This work is due to be decided by ministers when they meet in Marrakesh in April to sign the Uruguay Round global trade accords.

Developing countries have expressed anxiety that rich nations could bar their goods on environmental pretexts.

Mr Richard Blackhurst, head of economic research at Gatt, said on Monday that the principles encompassed Third World concerns by opposing protectionism and dealing with the issues of resource transfer and poverty alleviation essential for sustainable development.

The seven principles are:

- Prices of goods and services should reflect their full costs, including environmental costs.
- Policies should promote equity, especially by tackling Third World poverty, which is a prime cause of environmental degradation.
- Trade and development policies should respect "environmental integrity" – the need to preserve species, ecosystems and the like which cannot necessarily be costed. "Such special conservation measures may represent an important exception to normal trade rules," the group says.
- Subsidiarity – the taking of decisions at the lowest level consistent with effectiveness. In particular, the group says countries should not use trade or other coercive measures to try to eliminate differences in national environmental standards. "Where there are significant transborder environmental impacts, solutions should be sought multilaterally," the group says.
- International co-operation on environment, development and trade policies should be strengthened. The group says international disputes procedures should be capable of addressing simultaneously environment, development and economic interests.
- Policies should be guided by scientific knowledge and, where uncertainty exists, by the "precautionary principle".
- Decision-making should become more open to public participation, with access to information for all those affected. Dispute settlement procedures should also be transparent, the group says.

* *Trade and sustainable development principles. Available from IISD, 161 Portage Ave. East, Winnipeg, Manitoba R3B 0Y4. Tel +204 958 7700; fax +204 958 7710.*

Peru challenges Gatt criticisms over economy

By Frances Williams

Peru has abandoned its long-standing import substitution policy and put decades of state intervention into reverse, but the private sector has been slow to respond, the General Agreement on Tariffs and Trade secretariat says in a report which it published yesterday

The report blames high interest and tax rates, competition from the informal sector (which is estimated to account for almost 40 per cent of gross domestic product), inadequate infrastructure, an overvalued exchange rate, and terrorism.

However, this view was challenged as outdated by Peruvian officials when the Gatt council met this week to discuss the report, originally compiled in spring 1993.

The latest figures showed nearly 7 per cent GDP growth for 1993, with a further 5 per cent growth expected this year, officials said.

Inflation had been brought down from a peak of 7,650 per cent in 1990 to 40 per cent in 1993, with the aim of reaching single digits in 1995.

The struggle against terrorism was being won and the informal sector was being steadily integrated into the formal economy, partly as a result of tax reforms.

Peru's efforts since 1990 to liberalise trade and increase domestic competition, in the context of a comprehensive economic stabilisation programme, generally win Gatt's praise. The report notes that average tariff levels have been slashed from 66 per cent in 1989 to 16 per cent in June 1993; the government is aiming at a 15 per cent uniform tariff by January 1995.

Price controls, subsidies, quotas and foreign exchange restrictions have been scrapped and there has been a thoroughgoing privatisation programme. The reforms and recent legislative changes have helped restore the confidence of foreign investors, the report says.

Though Peru accounts for just 0.11 per cent of world trade, it is the world's largest producer of fishmeal and cochineal, the second largest silver and zinc concentrates producer, the third largest lead concentrates producer and the fifth largest copper producer.

Peru is also the world's largest producer of coca leaves and the rapidly growing illicit trade in coca-cocaine products is now estimated to equal one-third to one-half of recorded merchandise exports.

Labour attack over 'divisive' tax policy

By James Blitz and Graham Bowley

Britain's opposition Labour party yesterday found fresh ammunition in its battle against the government's taxation policy after an independent think-tank said that the tax rises introduced in the last two Budgets would mainly be at the expense of people on middle incomes.

In a report published yesterday the Institute for Fiscal Studies said that the tax rises announced last year by Mr Kenneth Clarke and his predecessor as chancellor, Mr Norman Lamont, would largely reverse the overall reduction of taxation in the late 1980s.

However, direct taxes on incomes were reduced in the 1980s while indirect taxes, which are mainly levied on consumption, will now account for much of the revenue rise. Those who gained from the cuts in the 1980s will not be the same people to lose from the increases.

The report showed that people on middle incomes would be particularly badly hit by the last two Budgets because of changes to mortgage interest relief, married couples' allowance and the VAT on fuel.

It claimed that the poorest 10 per cent of the population will have lost an average of £3 per week from tax changes in the decade to 1995, while the richest 10 per cent will have gained over £30 per week on average.

"Those who have done worst," it said, "are the unemployed with children."

Mr Gordon Brown, the shadow chancellor, said the figures showed how the Conservatives had turned Britain's tax system into "the most powerful weapon for reinforcing inequality and creating record unfairness in British society".

He claimed that the government had created "the most unfair tax system since the 1930s", saying that the top 1 per cent of earners had received a total of £75bn in tax cuts since the Conservatives came to power in 1979.

Mr Stephen Dorrell, financial secretary to the Treasury, countered that Tory tax policy had boosted wealth creation, improving living standards and increasing the amount of tax paid by high earners.

"The figures show that a man on average earnings with two children have seen his real take-home pay grow by over £80 a week since 1979," Mr Dorrell told BBC radio.

The IFS report also showed that households' disposable incomes will have risen by an average of £4 per week as a result of the tax changes since 1985, but that these gains will be distributed unevenly.

High income households gained substantially from the reductions in income tax rates, whereas poorer households gained little and will lose from the increases in indirect taxation.

MP's death adds to pressure on Tories

By Kevin Brown, Jimmy Burns and Roland Rudd

Concern about the political consequences of the bizarre death of a Conservative MP was growing among Tory backbenchers yesterday, in spite of plans by Mr John Major to launch yet another attempt to shore up his government's authority.

Party leaders sought to distance the government from the death on Monday of Mr Stephen Milligan, MP for Eastleigh, which was still being investigated by police last night.

"I think the public will take the view that this kind of tragedy could take place in any party, in any organisation, and will view it in that way," said Sir Norman Fowler, Conservative party chairman.

The circumstances of Mr Milligan's death, which were leaked by junior police officers, prompted rumours about other MPs. Mr Milligan was found on the floor of his west London house, bound and gagged and wearing ladies' underwear.

Shocked Tory MPs drew comfort from the reluctance of Labour and the Liberal Democrats to exploit the affair, regarded by the opposition parties as a personal matter. Party officials hope the opposition silence will ensure that the political impact is less damaging than other recent scandals such as the admission by Mr Tim Yeo, a junior minister who later resigned from the government, that he had fathered a child outside marriage.

But some Conservatives said the response to Mr Milligan's death demonstrated the danger of the prime minister's determination to stand by his Back to Basics campaign for a return to traditional values.

"The Back to Basics campaign is too inward looking," said Ms Emma Nicholson, Tory MP for Devon West. "It has become a self-destructive slogan. I think we should drop it."

The government's difficulties increased last night when Lord Tebbit, a leading Euro-sceptic followed up recent criticisms of foreigners by Mr Michael Portillo, chief secretary to the Treasury, by questioning the probity of European Union governments.

The government is expected to announce that the Eastleigh by-election wil be held on May 5 to coincide with local elections in metropolitan areas.

Liberal Democrat leader Paddy Ashdown yesterday with Diana Maddock, MP for Christchurch; party president Charles Kennedy; and Europe spokesman Sir Russell Johnston Picture: Ashley Ashwood

Lib Dems refocus European strategy

By Roland Rudd

The Liberal Democrats have refocused their European strategy to maximise their chances of taking a number of Tory seats in the June European elections.

The new policy, launched yesterday, emphasises decentralisation and diversity instead of what one senior Liberal Democrat called "loose talk of a united states of Europe".

Mr Paddy Ashdown, Liberal Democrat leader, denied that the party was "watering down" its commitment to a federal Europe, but conceded that there had been "a change of presentation".

The party has also gone back on its pledge to reduce defence spending by 50 per cent – which if implemented could have led to job losses in south-west England – in light of the instability in eastern and central Europe.

Mr Ashdown said: "Anyone who looked at the world in 1989 and said it was exactly the same in 1993 would be a fool. It's not true of the government and its not true of us".

The Liberal Democrats, currently without representation in the European Parliament, have targetted between 3 to 10 of the UK's 81 seats. Their campaign strategy is to use the European elections to expand out of their stronghold in the south-west throughout the south of England.

The forthcoming by-election at Eastleigh – due to the death of Mr Stephen Milligan – could not come at a better time for the Liberal Democrats.

To enhance its appeal to Conservative voters in the south of England the Liberal Democrats' new policy document on Europe, Making Europe Work for Us, only refers to the concept of a federal Europe in terms of decentralising power.

Malaysia aid row sees fresh disclosure

By James Blitz and Robert Peston

Precise amounts of British foreign aid were offered to the Malaysian government in return for arms sales as part of a preliminary agreement between the two governments, the Foreign Office disclosed yesterday.

The disclosure, that a protocol for a £1bn arms deal signed in March 1988 by the two governments contained "figures relating amounts or percentages of civil aid to amounts of arms purchases", is the most compelling evidence to date that the British government breached its own guidelines that the provision of aid should not be linked to arms sales.

The admission was made last night in a parliamentary written answer by Mr Alistair Goodlad, a Foreign Office minister, to a question from Labour MP Mr Alan Williams. The allegation that the protocol contained an arms-for-aid formula was first made last week in the Economist newspaper.

Last month the foreign secretary, Mr Douglas Hurd, had said that the the protocol included "a reference too 'aid in support of non-military aspects under this programme'," but gave no hint that precise amounts of aid were offered.

In an interview last week, Lord Younger, who was defence secretary at the time and signed the protocol, said that he had "no recollection" that it contained an aid for arms formula.

The Foreign Office would not reveal last night the specific amounts of aid offered in the protocol. But the disclosure strengthened claims by Labour MPs that the donation of £234m of aid to the Malaysians to help build a dam on the Pergau river was made in return for the arms deal.

At the end of last year, a National Audit Office report criticised the method of funding for the dam chosen by the UK government.

Bank of England cautious on risk of renewed inflation

By Peter Norman, Economics Editor

In deciding yesterday's quarter point cut in UK interest rates, the Treasury and Bank of England have accepted that there is a risk that inflation in Britain could start to gather pace again, the Bank's latest inflation report makes clear.

The report forecasts a slight rise in underlying inflation, as measured by the retail prices index minus mortgage interest payments, from 2.7 per cent in December through 1994. However, the Bank's "central projection" is that RPIX, as the underlying rate is known, will be just over 3 per cent by the end of next year and so within the government's 1 to 4 per cent target range.

Both RPIX and the "headline" retail prices index are set to rise over the coming months as the indirect taxes announced in last year's two Budgets come into effect and earlier mortgage interest rate cuts drop out of the 12-month comparison. Over the next two months the gap between RPIX and headline RPI, which was 1.9 per cent in December, will largely disappear.

The report acknowledges that recent inflation figures have been better than expected and this observation provides the intellectual underpinning for yesterday's rate cut. However, it notes that the projected path of RPIX to the end of 1995 keeps inflation in the upper half of the government's target range and that the risks to this projection are "asymmetric" in the sense that a rise in underlying inflation is more likely than a further fall.

It is no surprise that the Bank favours a refined version of the underlying inflation measure, which excludes local authority and indirect taxes as well as mortgage payments and which it calls RPIY. This has fallen sharply in recent months and at 2.3 per cent is in the lower part of the government's target range. Some of the recent decline in RPIY has reflected a one-off fall in supermarket food prices. But the Bank expects this measure to stabilise at around 2.5 per cent from the first half of this year.

Its hope is that people will focus on RPIY.

But it notes that inflationary expections, particularly among wage bargainers, are above the rates of inflation that have recently been achieved.

The Bank admits that it is difficult to gauge the strength of the present UK recovery and that judgments on the state of the economy are unusually uncertain.

Further delay for Channel tunnel services

By Charles Batchelor in London and John Ridding in Paris

The long-delayed launch of train services through the Channel tunnel received a further setback yesterday with an announcement that the start of services is to be delayed for several more weeks.

Eurotunnel, the company that runs the tunnel, said passenger shuttle services were not now expected to start on May 8 as planned. Freight services, due to start in March, could be delayed until April or early May – they are now scheduled to start sometime before May 6, when the tunnel will be officially opened by the Queen and President François Mitterrand.

Eurotunnel said no significant problems had been encountered, but the complexity of the commissioning programmes had meant some tests had had to be repeated and others had been rescheduled.

"We want to offer a completely reliable service and we thought it was better to guarantee this even if it meant a slight delay before opening," said Mr Christian Zbylut, director freight operations at Calais. He said the problems that had been discovered during the tests were usual in such a high-technology project. "On one locomotive there are about 500 tests which have to be performed," he said.

According to a Eurotunnel official, some problems are taking longer than expected to resolve. They include hitches in the hydraulic system and the alarm warning lights. "The systems work, but in some areas we have not achieved the reliability we want," he said.

The £10bn project was originally planned to open in May last year but has been hit by recurring delays.

Railfreight Distribution, the British Rail subsidiary which handles container shipments to the Continental, and SNCF, the French railway, said they would seek an urgent meeting with Eurotunnel to obtain a firm date for the start of freight services.

The Road Haulage Association said it was disappointed at the delay but it did not think that large numbers of road hauliers had intended to use the tunnel from outset. Those affected would reroute shipments to the ferries.

CTL, a freight company that had planned to run two trains a day through the tunnel to Italy starting on March 14, said it was better for Eurotunnel to delay the launch so that when it did start it could provide a reliable service.

Eurotunnel yesterday offered refunds to passengers who had planned to travel through the tunnel in May. Passengers who are able to delay their journeys can use their tickets when the tunnel finally opens.

Immigration staff rail against foreign duties

By Lisa Wood, Labour Staff

The prospect of being obliged to eat *boeuf bourgignon* and drink house wine in some anonymous hotel on the outskirts of Calais has provoked British immigration staff to ballot on boycotting work on the French side of the Channel tunnel.

More than 650 immigration service members of the NUCPS civil service union are being asked to boycott work at Coquelles, the village on the French side of the Channel tunnel.

The UK authorities have decided not to establish a permanent station on French soil to inspect UK-bound traffic using Eurotunnel's rail shuttle service.

Instead the Immigration Service intends to send staff over to France for a two-day shift. Officials estimate that staff will have to make stop-overs about seven times a year.

The union disputes this and says it will be nearer 20 times a year.

Immigration staff, who object to their deployment on foreign soils in principle, say that in any case the arrangements for working at the French end of the tunnel are unacceptable.

They object to having no choice over which hotel they will stay at and the fact that they will be obliged to dine there, with no allowance for eating elsewhere.

Mr John Oliver, NUCPS branch secretary, said members objected to there being no choice of food.

He said: "Many of our members are vegetarians. In addition how many French hotels serve breakfast at 5am when we have to get up for our early shift?"

Mr Oliver said he had heard that French immigration workers, who would be doing similar shifts in the UK, had also objected to their arrangements.

The ballot result will be announced later this month and if successful the boycott will begin when the tunnel officially opens.

Other immigration workers who are members of the Immigration Service Union are considering whether or not to hold a similar ballot.

Crime probe on futures markets

By Tracy Corrigan and Bronwen Maddox

Britain's National Criminal Intelligence Service is investigating possible activities, including money-laundering, by organised crime on London's futures markets.

The investigation, which started four months ago, was undertaken with the co-operation of London's five futures exchanges, including the London International Financial Futures & Options Exchange (Liffe) and the London Metal Exchange (LME).

It was prompted by concern that futures markets in London could be vulnerable to criminal activities such as money laundering, as they have been in the US and other overseas markets, rather than because of any individual cases.

Detective Inspector Graham Saltmarsh, head of NCIS's organised crime unit, described the undertaking as an overview, prompted by anecdotal information.

New money-laundering regulations form part of the criminal justice act which comes into force on April 1. This will place much more onerous responsibilities on counterparties which are unwittingly involved in money laundering.

Mr Hamish Ramsay, legal counsel for the Futures and Options Association, the futures industry trade body, said: "The new regulations will assist in tightening controls for second and third-tier institutions and this will have a positive effect on the futures and options industry in the UK." The association is holding seminars on money-laundering.

On futures exchanges individual member firms, such as brokers and banks, buy and sell futures contracts on behalf of clients. The exchanges do not, however, know the identity of these clients. Consequently the paper trail may be hard to follow.

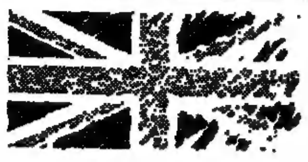
If the examination shows that money-laundering is occuring, it might be possible to change the structure of exchanges to block this route.

According to Mr Richard Parlour, a legal expert at Clifford Chance, a minimum of $90m of dirty cash is believed to enter the world's financial system every year.

The NCIS also said that at a later stage it might investigate whether organised crime had penetrated the toxic waste industry. "It has happened on the Continent and in the US, although there is no evidence it has happened here," it said.

The National Association of Waste Disposal Contractors said the NCIS's fears seemed "highly unlikely – there are too many checks on waste management these days." Infiltration of the industry by organised crime "has happened in other countries, but we're not aware of it here."

Britain in brief



Dublin cool on proposals for Ulster

The Irish government is not planning an immediate response to the British government's latest proposals to renew round-table talks in Northern Ireland, but will make its own suggestions "for additional areas of discussion" in the coming weeks.

The cool response to the proposals sent to Dublin at the weekend by Sir Patrick Mayhew, Northern Ireland secretary, underlines the differing emphases of the two governments over the next step to take in the Northern Ireland peace process.

Mr Dick Spring, Irish foreign minister, yesterday described Sir Patrick's proposals as "a checklist of relevant points in relation to the recommencement of talks" and emphasised that any new talks must be on the basis of the joint declaration and the three-strand talks which broke up without agreement in November 1992.

Mr Albert Reynolds, Irish prime minister, said yesterday that next week's UK-Irish summit in London, will focus on reviewing progress on the joint declaration.

Lloyd's losses 'may be higher'

Lloyd's of London is set to announce heavier-than-expected losses when it reports its results for 1991 and 1992 over the next 18 months, Chatset, the company that analyses the insurance market's figures, said yesterday.

In its latest forecast Chatset estimates that losses will amount to £2.05bn for 1991 and up to £1bn for 1992, bringing the market's cumulative deficit since 1988 to more than £8.5bn.

Chatset said that US risks had been inadequately priced and claims from catastrophes such as typhoon Mireille in Japan and the Calgary hail storms in Canada would also leave many underwriters with losses.

Banking code is attacked

Sir Bryan Carsberg, director-general of fair trading, yesterday described the revised code of banking practice as a wasted opportunity. The code was published yesterday, and his attack was the first in a chorus of criticism which included the Consumers' Association and National Consumer Council.

Sir Bryan said that banks and building societies had failed to introduce a self-regulatory requirement to give "best advice" to bank customers.

The code, accepted voluntarily by over 280 banks and building societies, is a second edition of the guidance that was issued two years ago, and the new version imposes some fresh obligations on those who sign up to it.

These include requirements to give customers at least 14 days' advance notice of charges and interest; not to pass customer information to other companies in the group without the customer's express written consent, and not to make giving this consent a condition of providing basic banking services.

Independent bid 'may be raised'

The consortium including Mirror Group Newspapers that last week launched a bid for Newspaper Publishing, owners of The Independent is now free to increase its offer.

The £2.60 per share offer for the 52 per cent of the shares the consortium did not already own quickly became academic after Mr Tony O'Reilly's Independent Newspapers of Ireland bought 24.99 per cent of Newspaper Publishing at £3.50 a share.

The consortium, which also includes the founders of The Independent led by Mr Andreas Whittam Smith, El Pais of Spain and La Repubblica of Italy, is now considering the possibility of increasing its bid.

Following talks with the Takeover Panel, the consortium yesterday said: "The consortium has chosen not to be bound by the statement that was made not to increase its offer for the share capital of Newspaper Publishing."

An early decision is unlikely. Mr Ian Hay Davison, chairman of Newspaper Publishing, has embarked with fellow non-executive director Sir Kit McMahon on a series of talks with all parties involved.

The talks are not due to be completed before next week and any possible further bids are unlikely until then.

Doll sells for record price

A porcelain doll, made by the German company Kämmer and Reinhardt in 1909, sold for £188,500 at Sotheby's in London yesterday to a private German collector. The price, within the saleroom's estimate, set a record for any doll at auction. The doll, 64cm high, is believed to be unique. The previous record price for a doll was the £155,000 paid in the US last August.

Withdrawal from ILO considered by UK ministers

By Robert Taylor, Labour Correspondent

Ministers are considering pulling the UK out of the International Labour Organisation in protest at the growing threat of condemnation of the government's industrial relations policies by delegates at the ILO's conference in June.

The main cause for expected ILO censure is the continuing ban on unions at the government's communications headquarters at Cheltenham. The ban was introduced by Mrs Margaret Thatcher just over 10 years ago when she was prime minister.

Efforts to find a settlement failed last December after a meeting between Mr John Major, prime minister, and the civil service union leaders. Mr Major made clear he believed there was a conflict of loyalty between a worker belonging to a union and working in the communications centre.

The talks had been encouraged by the ILO as a way of trying to end the deadlock.

The Trades Union Congress is now seeking censure of the UK government by the ILO conference. The matter is being considered by the ILO's committee of experts, which will decide by April whether to recommend condemnation of the British action.

Union leaders believe Britain could be given a "special paragraph" of criticism in the ILO annual report, a sanction normally reserved for dictatorships such as Haiti and North Korea.

The government has faced growing criticism from the ILO over its industrial relations policies. The TUC has made nine formal complaints to the ILO over breaches of labour standard conventions by British ministers since 1979.

Under the ILO's procedures Britain would have to give two year's notice of its intention to pull out of the organisation. It would also be bound by conventions it had signed on good labour standards even if it was no longer an ILO member.


America is bullish on Merrill
EL BANCO NORTEAMERICANO SE HA ESPECIALIZADO EN EL DISEÑO DE NUEVOS PRODUCTOS PARA CAPTAR FONDOS
MERRILL LYNCH, EL INVENTOR FINANCIERO
Handelsblatt
WIRTSCHAFTS- UND FINANZZEITUNG
Der amerikanische Erfolg der größten
soll international wiederholt werden
„Deutschland bietet gute Investment-Möglichkeiten"
Merrill Lynch 'bullish' about the Asia market
EQUITY HOUSE OF THE YEAR
Merrill thunders across the globe
MERRILL LYNCH
PRINCIPLES
CLIENT FOCUS
RESPECT FOR THE INDIVIDUAL
TEAMWORK
RESPONSIBLE CITIZENSHIP
INTEGRITY
Merrill Lynch
Time Warner Inc.
Merrill Lynch & Co.
1,630,000,000普通H股
anghai office
rks new era
BEIJING—Merrill Lynch and Co. opened a representative office in Shanghai Friday, becoming the first U.S. securities company to operate in China.
The Shanghai operation, Merrill Lynch International Inc., will pro-
Merrill Lynch Earnings Top $1.3B
Shanghai Petrochemical Company Limited
上海石油化工股份有限公司
Forbes
Merrill Lynch's stunning first-quarter earnings are a product of much more than the bull market. As Dan Tully gets ready to succeed Bill Schreyer, the U.S.' most powerful investment house is hitting on all cylinders.
Merrill at the half-trillion mark
In record year for Reits, Simon Property deal shines

THE DIFFERENCE BETWEEN RECOGNIZING A GREAT YEAR AND NOT FORGETTING HOW WE GOT THERE

Last year, Merrill Lynch was responsible to more countries, companies and individuals, with more underwriting and financial advice in more markets and across more borders, than any firm in history.

We succeeded, as we always have, by letting our principles light our way; by focusing on our clients and building long-term relationships with them; by using teamwork to deliver seamless integration of our services; by respecting our clients and colleagues as individuals; by acting as responsible citizens in the communities where we live and work; and above all, by maintaining our reputation for integrity.

The world changed greatly in 1993. People, nations, capital, and markets all grew closer, creating unprecedented opportunities for the growth and prosperity of humankind. But while the world grows smaller, it also grows more complex. More than ever, helping clients navigate in this complex global marketplace requires global resourcefulness, strategic perspective and creativity.

1993 was also a year in which the world increasingly recognized these qualities in Merrill Lynch. Our firm was cited as "Equity House of the Year" by *International Financing Review* and as "best overall manager of corporate financings" by *Corporate Finance*. The landmark transactions that Merrill Lynch joint lead-managed for YPF, and lead-managed for Simon Property Group and Fannie Mae, were named "Deals of the Year" by *Investment Dealer's Digest*. And our Global Economics and Research group was top rated in both the *Institutional Investor* and *The Wall Street Journal* polls. In a survey by Towers Perrin, senior bank executives rated Merrill Lynch "the best managed non-bank retailer" in the U.S.

More important than any of these honors, however, is the trust that our clients continue to place in us. Last year, assets entrusted to us by individual clients grew to nearly $540 billion–more than any other firm. Clients continued to seek planning advice and guidance from our Financial Consultants, the most extensively trained in the industry. And they continued to rely on our FCs to help them choose from the most comprehensive array of products and services to meet their needs.

Fifty-four years ago, our founder, Charles E. Merrill, declared: "Our clients' interests must come first. Upon our ability to satisfy them rests our chance to succeed."

We'll stand by that statement. It got us where we are. We know it will still make a difference fifty-four years from now.

The difference is Merrill Lynch.

Merrill Lynch
A tradition of trust.

Trees branch out

Willow and poplar are being grown for fuel, reports **Alison Maitland**

Robert Goodwin is at the cutting edge of farming technology. He is one of five British farmers involved in a pioneering project to grow willow and poplar as a fuel crop that is commercially viable and kind to the environment.

Winter is a busy time on Goodwin's 75-hectare cereal farm in Essex, 50 miles north-east of London. This is when the one-year-old trees have to be cut back, or coppiced, so the stumps sprout. The new shoots, which can grow up to four metres in the first year, will be harvested after two to five years and turned into woodchips to be burned for electricity.

Coppicing of woodland goes back to the middle ages. But growing tree crops for fuel on arable land has only taken root in Europe in the past few years. Sweden, with vast forests and a strong commitment to renewable energy, already has about 9,000 hectares under commercial production.

Now farmers in the European Union are becoming interested because of the introduction of compulsory set-aside, under which they can grow non-food crops without forfeiting subsidies. The National Farmers' Union will debate the issue at its annual meeting in London today.

Cereals and oilseeds, straw and farm waste are all being tried for fuel. But arable coppice is seen in Britain as having the greatest potential, in terms of cost and impact on the environment. The government is funding the £1.1m five-farm project and last year included coppice in the list of non-fossil fuels from which electricity companies are obliged to obtain some of their power.

Goodwin, whose family has grown willow for cricket bats for a century, is enthusiastic about the new use of the tree. "As far as its environmental attractiveness is concerned, I don't see anything coming close to it," he says.

Although weed-killer is used to protect the young trees in their first year, coppice does not need constant applications of agrochemicals during its 30-year lifespan. The nutrients in soil previously used to grow cereals, coupled with annual leaf fall, can replace fertiliser. Sewage sludge can also be used, offering one solution to the problem of disposal that will arise when dumping sludge at sea is banned in 1998.

The trees attract wildlife. "We have found more than 40 species of bird within our plantations," says Goodwin. "We wouldn't have seen a fraction of those under cereal production." Access is provided for walkers and riders to open space around the trees, and there should be none of the visual objections associated with wind turbines.

Robert Goodwin: at cutting edge

The burning process is surprisingly clean, too. Coppice releases no more carbon dioxide when burned than it absorbs during growth, emissions of nitrogen oxides and sulphur dioxide are low and the ash can be recycled as fertiliser. The wood crop produces about 30 times the energy used to grow and harvest it, compared with an energy ratio of less than two-to-one for the diesel substitute made from oilseed rape.

Establishing a plantation is currently expensive at £1,300 or more a hectare. But grants are available from the Forestry Authority. The government is also considering encouraging coppice production on fixed set-aside land by "rolling up" five years' worth of subsidies into a lump sum of about £1,550 a hectare in the first year. The expectation is that coppice will require little or no financial support once established as a commercial crop.

With such attractions, many farmers are contemplating coppice as a way of sustaining rural employment. But most are hesitant until there is a proven market. That is why a group of farmers and businessmen set up Border Biofuels in 1992 to build power plants fuelled by woodchips.

The company is applying for a licence for a 5MW plant – enough to supply electricity to a small town – near St Boswells in the Scottish Borders. Initially the £6m plant would burn forestry residue but this would gradually be replaced by coppice. The company hopes to assemble 30 or more farmers growing up to 2,000 hectares to supply the plant.

"It's a commercial crop with a margin comparable to cereals, subject to the market being established," says Harry Frew, a director. Once coppice took off, cuttings would become widely available and the high cost to new entrants of about 10p a cutting could be slashed to 1p or 2p.

Several regional electricity companies are interested as well. South Western Electricity (Sweb) is applying to build a 2.5MW power plant in Cornwall, using 18,000 tonnes of dry coppice a year from local growers. It has plans for three other wood-fuelled plants of 5MW to 10MW in Hampshire, Suffolk and Northamptonshire.

"We're keen to break this chicken-and-egg situation of no-crop-no-market and no-market-no-crop," says Gerry Swarbrick, power resources manager. "We believe renewables deserve a chance to demonstrate themselves on a commercial basis. We expect these technologies will one day stand on their own two feet."

There is a long way to go. The UK government aims to stimulate a modest 1,500MW of new electricity-generating capacity from renewable sources by the end of the decade – about 3 per cent of the country's electricity needs. Coppice would initially be a tiny part of that, with only about 100 hectares so far being grown.

But the government-sponsored Renewable Energy Advisory Group presented a striking vision of its potential as the technology improves. It forecast that if 2.8m hectares – 16 per cent of agricultural land – were turned over to coppice by 2010, the energy created could amount to 22 per cent of electricity consumption.

Should the green motorist choose a diesel or petrol car, asks **John Griffiths**

The cleaner choice

Many motorists seeking a car that is both economical and relatively inoffensive environmentally must have reached the end of last week in confusion over whether to choose a diesel or petrol vehicle.

On Thursday, a UK government panel of scientists warned that increasing traffic density threatens to create harmful airborne levels of benzene, linked with a form of leukaemia. Nearly 80 per cent of airborne benzene comes from petrol cars. Only 9 per cent comes from diesels.

The level of benzene would be much lower if most cars continued to use leaded petrol (benzene partly compensates for lead's absence). Yet for a long time motorists have been encouraged to switch to unleaded fuel to help to keep organ-damaging lead out of the atmosphere.

Some motorists might have been tempted to explore the merits of diesel cars, heavily promoted by the motor industry recently as more environmentally-friendly and economical than petrol cars.

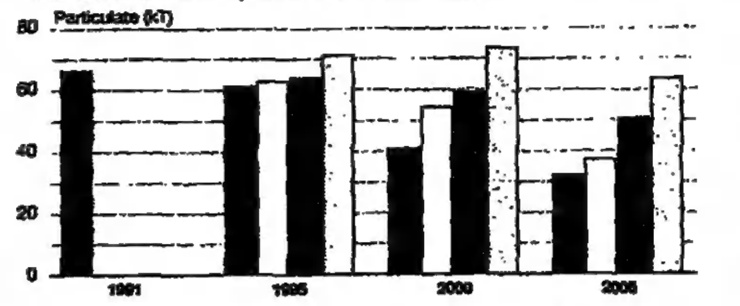
Yet little over a week ago the Quality of Urban Air Review Group (Quarg), a panel of experts appointed by the UK's department of the environment, criticised diesel cars for their emissions of nitrogen oxides – a factor in smog formation and "acid rain" – and tiny particulates strongly suspected of causing cancer.

The panel warned in a report that by early next century there could be cause for "considerable concern" about the deterioration of air quality in urban streets if diesel cars continue their current strong sales acceleration – they already account for about one in five new cars sold in the UK.

Not surprisingly, the report prompted an instant, hostile response from the motor industry, which had been given no prior warning of it. Car makers said it was "misplaced, misguided and fundamentally unsound".

The industry's concern is understandable to some extent. The UK car market is still at a fairly early stage of recovery from one of its steepest recessions on record, and is worried that confused motorists might now, if only temporarily, opt to stay out of the showrooms. An adverse report on diesels' possible carcinogenic hazards in the 1980s helped to reverse Germany's diesel boom and hit car sales overall.

Four scenarios for particulate emissions



The amount of particulates, which will be emitted if diesel cars' share of total new car sales:

Stayed at 16% ■ Base case; 17.7% □ Case 1; 31% ■ Case 2; 49% □ Case 3

Source: Quality of Urban Air Review Group

And while the German market has begun to climb again, some in the diesel car industry such as John Maddell, a senior executive of Lucas Industries, say it led to Germany's motor industry losing its technological lead to the French.

Now that the furore over the Quarg report has faded, it is becoming apparent that the differences between the motor industry and the panel are more in degree than fundamentals. The industry retains its belief that the panel, in arriving at its "considerable concern" warning, is not taking enough account of technological progress being made to further reduce the two pollutants – nitrogen oxides and particulates – for which diesel has been most criticised.

The report pays due tribute to the advantages of diesel over petrol. These include much reduced emissions of carbon dioxide, the inescapable by-product of combustion linked with global warming, and of two other pollutants, hydrocarbons and carbon monoxide.

It acknowledges that, currently at least, commercial vehicles – mainly trucks and buses – are much bigger culprits than diesel cars in terms of poor urban air quality.

At the heart of the Quarg report lie its projections about the share of the total car market likely to be taken by diesel cars and the effect that this will have in terms of all the pollutants they emit but mainly particulates – of which the notorious black diesel smoke forms only a part (see above chart).

What the panel views as the potential reduction of particulate emissions through technological progress – and tighter EC emissions standards for all cars from 1996 – is apparent in the chart. At a constant 16 per cent share of the market, the amount of particulates emitted by diesel cars would be halved from around 65 kilotonnes to 30 kilotonnes by the year 2005.

However, in the steepest growth scenario, with the diesel share of new car sales rising to 49 per cent, the volume of particulates emitted would be little changed from 1991 levels and government goals of improved urban air quality would be unfulfilled.

The industry's complaint is that this scenario does not take adequate account of current and future developments in diesel technology; that diesels tend to maintain a consistent emissions performance whereas petrol engines and their catalysts degrade and become much "dirtier" after 50,000 miles; and that the relative lack of large-scale testing of vehicles in use in city centres downplays the heavy emission of pollutants by catalyst-equipped petrol cars on short journeys because their "cats" do not reach full operating temperature.

In reality, the jury will be out for some time before either side can be proved right.

Industry technologists maintain that substantial improvements are still to come from refining technologies already in use, such as exhaust gas recirculation and electronic management of fuel systems.

Still several years away, however, are possible leaps in anti-pollution technology for diesel vehicles.

Most promising among them is an oxidation catalyst for diesels, mainly to cut nitrogen oxide but also capable of reducing particulate omissions. This research is being led by Japan, and the Mazda car company is believed to be near to making them commercially available. Research is also continuing on particulate "traps", which would capture the particles and then burn them off at intervals.

When these are coupled with the introduction of low-sulphur diesel fuels, the volume of both particulates and nitrogen oxide emitted by diesel cars should fall substantially. Under a recent EC directive, the permitted level of sulphur in diesel fuel will fall from around 0.5 per cent by weight now to 0.2 per cent by weight on October 1 this year and to 0.05 per cent in October 1996. "The problem could easily disappear," says Roger King, spokesman for the Society of Motor Manufacturers and Traders.

Whether it does or not, the industry's fears that the public will shun diesel cars on environmental grounds may be exaggerated. Car makers last week were reporting few signs of customer concern.

PEOPLE

Melbourn promoted at NatWest

A chain of moves in the top management of National Westminster Bank was disclosed yesterday, led by the appointment of John Melbourn, the bank's head of group risk, to succeed Bert Morris as the bank's deputy chief executive.

The reshuffle is one of the most significant changes to the bank's senior roster since Derek Wanless was appointed chief executive in 1992. The changes, which all involve bank insiders, will take place from March 1.

Melbourn, a 56-year-old who was thought to be a contender for the chief executive's job when Derek Wanless was appointed, is one of the bank's most experienced hands, having headed international operations and its relationships with large companies.

Wanless says that Melbourn is "a tremendous banker" who would bring a wide range of experience to the post. Melbourn will work alongside Morris until September, when the latter is due to retire.

Melbourn will retain board responsibility for credit risk, and the handling of large corporate restructurings. But his current deputy, Fred Pointon, has been appointed to the post of general manager of group risk in his place.

A second significant change announced yesterday is the appointment of Phil Wise, the current chief executive of group services, as chief operating officer at NatWest Markets, the bank's corporate and investment banking arm.

Wise, 45, has worked with Martin Owen, the chief executive of NatWest Markets, before when the men brought together the bank's treasury operations.

Like other securities houses, NatWest Markets had a good year amid buoyant bond and equity markets. Wanless has signalled that the bank is considering ways of building on its investment banking business to help raise revenues.

NatWest Markets' two senior managing directors, Roger Byatt and John Howland-Jackson, have been appointed deputy chief executives. Wise will be succeeded at group services by Trevor Blackler, general manager of UK branch business. Stuart Chandler, general manager for human resources and strategic development, has been appointed to the new post of deputy chief executive for UK branch business with responsibility for technology and human resources.

Finance moves

■ Charles Buckley, Richard Cotton, Jeremy Cowdrey, Edward Harley, Alan Sinclair, Peter Spiller and Anne West have been appointed partners of CAZENOVE & Co.

■ Roger Drayton, formerly head of group treasury services and money markets at Midland Montagu, has been appointed group treasurer at The CO-OPERATIVE BANK.

■ Stewart Edgar and Nicholas Pitt-Lewis have been appointed to the board of FOREIGN & COLONIAL MANAGEMENT.

■ Andrew Brandler and Alasdair Cleghorn have been appointed directors J HENRY SCHRODER WAGG & Co; they move from Fieldstone Private Capital Group.

■ Christopher Fry, formerly md of Hogg Robinson Benefit Consultants, has been appointed sales and marketing director and to the board of HOGG ROBINSON.

■ Howard Evans, a partner at accountants Price Waterhouse, has been appointed finance director of chemicals company Courtaulds. He has had 10 years' involvement with Courtaulds at PW and has been in charge of the group's audit for the past year.

Evans replaces Michael Pragnell, who becomes director responsible for Courtaulds' new polymer products division. He spent less than two years in the job, taking over in July 1992 from Richard Lapthorne who went to British Aerospace; previously he was responsible for Courtaulds' coatings activities.

The reshuffle is the result of the regrouping of the company's activities into three business areas from April 1. As part of the reshuffle, current coatings and Far East director Eryl Morris becomes development director, responsible for planning, development, research and technology, and Neville Petersen, currently chief executive of European coatings activities, joins the board in charge of coatings activities worldwide, except the Far East.

■ "From baked beans to counting beans," is how Philip Powell describes his latest career move.

Powell, 41, starts on Friday as the Central Statistical Office's first director of marketing in a move that underlines the CSO's determination to make its numbers pay under the Australian Bill McLennan.

A marketing professional since he left the University of East Anglia with an economics degree, Powell's most recent job was with the Cow and Gate baby food group. Before that he was in New Zealand where he did some work for Heinz.

But Powell maintains that "maximising the value of the CSO's statistics as a product" will not be such a departure from the past. Statistics have become increasingly important as a tool of marketing in recent years. His goal now is to see how they can be packaged and made more user-friendly – at a price, of course – although those numbers regarded as a public good will still be available to the press.

■ Lyndon Bolton, 57, managing director of the Dundee-based Alliance and Second Alliance investment trusts, has signalled his retirement after 31 years with one of Britain's biggest self-managed investment trust groups.

The Alliance trusts, which are over 100 years old, have always kept a low profile. Management expenses are the lowest in the industry and a single-minded concentration on investment performance resulted in the winning of The Sunday Telegraph investment trust group of the year award for three years in a row.

The change-over is not being hurried. Gavin Suggett, 49, who joined in 1973 and is Bolton's deputy, has been appointed joint managing director and will take over sole responsibility in April 1995. Bolton, a non-executive director of TSB and General Accident, will not remain on the board when he retires. William Berry, senior partner of Edinburgh solicitors Murray Beith & Murray WS, has been appointed a non-executive director of the two trusts, replacing Sir Douglas Hardie.

■ British Telecom, the Bank of England and now the British Broadcasting Corporation. Sir David Scholey, chairman of S G Warburg, is joining the board of yet another pillar of the establishment. Sir David is one of two new part-time governors of the BBC. Along with Janet Cohen, a novelist and director of Charterhouse Bank, he joins the BBC on March 1 for a five-year term.

The two merchant bankers fill the gaps left by Baroness James of Holland Park, the well known crime novelist, and Keith Oates, a managing director of Marks and Spencer who stepped down last July. The new appointments complete the complement of BBC governors.

Non-executive directors

■ Sir William Ryrie (above), former vice president and chief executive of the IFC, at the COMMONWEALTH DEVELOPMENT CORPORATION and at W S ATKINS.

■ Sir William Barlow, president of the Royal Academy of Engineering and former chairman of BICC, at CHEMRING GROUP.

■ Geoffrey Maddrell, chief executive of ProShare, at MACDONALD MARTIN DISTILLERIES; he is expected to become chairman on the retirement of David Macdonald, who nevertheless remains on the board in a non-executive capacity.

■ Richard Angel has retired from WHATMAN.

■ Paul Gaumnitz at ARTHUR SHAW & COMPANY.

■ Sir Julian Oswald, former First Sea Lord, and Charles Woodward, a former chief executive of British Airways Pensions, at MGM ASSURANCE.

■ Peter Harrop, chairman of Kalamazoo, at PLASMEC.

Unisys gratefully acknowledges the driving force behind our historic turnaround.

You.

Thanks.

Thanks to you, our customers — 60,000 strong in 100 countries – who stood by us because we stood by you.

Thanks to you, our dedicated employees – who were empowered with the responsibility to revive our company and responded like thoroughbreds.

Thanks to you, our suppliers – who looked into our future and liked what you saw.

Thanks to you, our lenders and shareholders – who supported Unisys for putting ourselves on track before a lot of companies in our industry realised they were off track.

Thanks to all of you, Unisys has emerged from a precedent-setting turnaround more strongly positioned than ever to help our growing number of customers compete in a rapidly changing world.

"Most stunning turnaround since Chrysler."

We've now registered nine consecutive quarters of profit. We've climbed from a $1.39 billion loss in 1991 to profits of $296 million in 1992 and $362 million in 1993.

Computerworld calls the Unisys story the "most stunning financial turnaround since Chrysler." Forbes magazine praises it as a "textbook turnaround." First Boston analyst Curt Rohrman names Unisys the "best-managed company in the computer business."

But our turnaround is not over. And never will be.

For we've learned that a company must continue adapting to change by continuing to re-invent itself a little bit every day. It's not simply that today's business environment constantly changes – in a sense, constant change is the business environment.

Our environment. And our customers' environment.

It all begins with the customer.

We keep coming back to the customer. Back to a recognition that *the customer is the foundation business is built on.*

That's why the customer is the root of our pioneering Customerize philosophy, a philosophy for serving our customers by helping them better serve their customers through information.

Guided by a focus on the customer, we've learned from our experience. And of all that we've learned, the most important lesson is this – Unisys begins not with us but with you.

Our turnaround is successful because of your support. It's a lesson we'll never forget.

Thank you for what you've taught us.

UNISYS

James A. Unruh
Chairman and CEO, Unisys

MANAGEMENT

Unhappy returns

Elroy Dimson and Paul Marsh warn that many companies are in danger of underinvesting

Over the last few [illegible] real interest rates and inflation have fallen in most leading industrialised countries, while stock markets have climbed to new peaks.

How have these changes in capital market conditions affected the [illegible] of capital? More important, have companies fully adjusted [illegible] this brave new world?

For most companies in [illegible] countries, [illegible] cost of capital has fallen. [illegible] when considering new investment projects, many are still living in the past, and seeking a required rate of return (RRR) which is simply too high.

By ignoring the worldwide fall in the cost of both debt and equity capital, there is a real danger that these companies will underinvest, or wait too long before embarking on important projects.

This could seriously [illegible] their competitive position. The [illegible] losers will [illegible] companies [illegible] capital budgeting systems are the least responsive to changes in market conditions.

[illegible] would [illegible] particularly ironic [illegible] today's market conditions.

Stock markets have risen partly because of the lower RRR which investors [illegible] demanding. If companies ignore this when appraising their own investments, this would not only [illegible] inconsistent, but would [illegible] of shareholder orientation.

[illegible] risen [illegible] of the better profits outlook and the increase [illegible] profitable [illegible] opportunities. Companies which underinvest [illegible] exploit [illegible] will find [illegible] share prices [illegible].

[illegible] problem [illegible] are [illegible] unclear about [illegible] capital markets [illegible] on their [illegible]. There [illegible] much [illegible] accounting systems, and too great a rigidity in project appraisal criteria. As a result, it can be difficult to ensure that an organisation is using the right cost of capital in the right way.

This problem is [illegible] years ago, an organisation which was investigating underinvestment in the UK initiated an informal survey of capital budgeting procedures used in large British companies. An important question was, what level [illegible] return [illegible] capital was required for [illegible] project [illegible] be regarded [illegible] acceptable.

[illegible] batch of [illegible], it became clear that the "hurdle" rate [illegible] return ranged from less than 10 per cent to 40 per cent or more.

A partial explanation [illegible] this puzzlingly wide spread was provided by the next [illegible] approached. [illegible] the finance [illegible] for clarification. [illegible] precisely, was [illegible] by required return? [illegible] it the accounting rate of return, or the discounted cash flow [illegible] Was it the return on capital or on equity? [illegible] real or [illegible] nominal return? The pre- or post-tax return? And for what time period and level of risk?

At this point, the researcher realised that he would need to re-interview all his previous respondents to ask them what they had meant.

Clearly, asking "[illegible] your required rate of return?" can produce varied responses. In the debate on whether companies are demanding [illegible] high a return on capital, it [illegible] crucial [illegible] mean by the RRR.

Investment projects, by definition, [illegible] spending money "up front" in the hope of [illegible] financial return later. Best practice in terms [illegible] project appraisal involves [illegible] both the initial costs and expected future [illegible] flows, and [illegible] discounting [illegible] at the appropriate RRR [illegible] adds [illegible] for shareholders.

The [illegible] in any project clearly has [illegible] cost, namely the expected return which would otherwise have been available from investing the money in the capital markets over the same period and [illegible] similar risk. The RRR is the opportunity [illegible] capital for a [illegible] market investment [illegible] comparable to the proposed project in terms of maturity, risk exposure and tax treatment.

Taking each of these [illegible] in turn, [illegible] project's maturity might broadly be thought of in terms of [illegible] classifications used by the Financial Times for fixed interest securities, namely up to five years, five-15 years, or more than 15 years.

Second, [illegible] project's risk exposure may be visualised on a continuum from riskless government bonds to equities (or even a leveraged position in equities).

And third, the project's cash flows should be estimated after deduction of corporate tax, which in many European countries, including the UK, incorporates prepayment of personal tax on dividends.

For [illegible] risk-free investment, a rough guide to the required return on a five-15 year investment is the yield to redemption on index-linked or conventional government bonds of appropriate maturity. In the UK, after deducting personal tax and rounding to the nearest whole number, this is currently some 2 per cent in real terms or 5 per cent in money terms. This implies an inflation rate of around 3 per cent per annum.

Risky investment can only be justified if it commands a risk premium. Historically, equities have generated an average annual real risk premium of approximately 8 per cent compared with government bonds. The typical company uses debt as well as equity in its capital structure, however, which makes its shares more risky than its underlying assets.

A typical risk premium for a company's underlying investments would therefore be lower, say 6-7 per cent after tax.

For an [illegible] project [illegible] typical risk, we must add [illegible] premium of 6-7 per cent to the real risk-free interest rate of 2 per cent. The required rate of return is around 8-9 per cent in real terms, or 11-12 per cent in money terms. The days of looking for 20 per cent or more are behind us – at least for the moment.

There are naturally differences between the required returns [illegible] are appropriate for low risk projects, and those that should be demanded of higher risk proposals. Companies may classify investments according to their risk, and then adjust the cost of capital according to each project's risk attributes. But the starting point for these adjustments should typically be the company's overall cost of capital.

Our [illegible] with companies [illegible] that many have [illegible] responded sufficiently to falling inflation and lower real interest rates. As a result their managements are demanding an excessive return from new [illegible] projects.

They run the risk of investing too little and too late, and of failing to share fully in the economic recovery.

Professor Elroy [illegible] and Professor Paul Marsh are joint editors of London Business School's Risk Measurement [illegible]

The Treasury's efforts to collaborate more with the world beyond Whitehall are assessed by **Peter Marsh**

Opening up with an eye on confidentiality

When Alan Budd, now chief economic adviser at the UK Treasury, attacked the department 15 years ago for ignoring advice from outside, he was a London Business School economist. Now that he is on the inside he may recall his criticisms as he answers charges today from industrialists that the department is divorced from reality and too secretive.

Budd, who has been at the Treasury since 1991, will be one of four senior Treasury officials addressing a private meeting in London with 70 business executives. The meeting, "Treasury: Villain or Victim?", has been organised by the Whitehall and Industry Group, a charity trying to dismantle barriers between the private and public sectors.

What Alan Budd said in 1979

"The Treasury, isolated from outside views, can give mistaken advice and is liable to stick to it long after its error should have been recognised"

The Treasury, Britain's most important government department, which controls public spending, taxation and interest rates, has for years been criticised for paying too little attention to the world outside Whitehall.

Critics reckon its introverted style has contributed to policy mistakes, in particular the lack of preparedness for the inflationary boom of the late 1980s, the recession which followed and the currency crisis which forced Britain out of the exchange rate mechanism.

That attacks on the Treasury are nothing new is clear from Budd's 1979 comments, made in a speech to the Institute of Economic Affairs. But as the criticism grew during the 1990s, the department tried to recognise its failings, grappling with issues similar to those faced by many private-sector organisations. A leading part has been played by Sir Terry Burns, Treasury permanent secretary, who engaged as a part-time adviser Wendy Pritchard, a consultant specialising in helping organisations to make cultural shifts.

Pritchard was behind recent moves by the Treasury to reduce the number of top posts and improve the effectiveness of decision-making, while Budd – who came to the Treasury from Barclays Bank, where he was economic adviser – has put into practice some of the prescriptions in his 1979 address.

He has set up a committee of business people who meet three times a year to relay views from industry to the department's economic forecasters. He also oversees the work of the Treasury's panel of seven (now six) "wise men" – outside economists who supply policy advice and forecasts to the Treasury.

Budd has also encouraged Treasury officials to be more receptive to thinking from outside Whitehall. Charlie Bean, an economist at the London School of Economics who works part-time at the Treasury, says Budd has been "an outstanding success" in "encouraging the flow of ideas into the Treasury".

Roger Humber, director of the Housebuilders Federation, a trade body for construction companies, has noticed a difference, too. In the late 1980s, he says, the Treasury spurned the federation's efforts to promote a dialogue about economic trends. "The Treasury view was that we [housebuilders] were responsible for inflation – they wanted nothing to do with us." But around 1992, says Humber, "the Treasury became more interested in hearing our views".

Talking to outsiders does not always go smoothly. Treasury officials fear that they may let slip some piece of policy advice which government ministers would rather keep to themselves.

Greg Marston, director of the Office of Public Management, a consultancy specialising in public-sector organisation, recognises that because of confidential policy discussion, there are limits to how much officials can open up. "But because the Treasury is spending our [taxpayers'] money they should recognise the public has a right to inquire how it manages itself."

Budd says the principle that officials advise ministers in confidence must be safeguarded. "The challenge is to ensure that the analysis on which such advice is based reflects the best possible sources of knowledge . . . I think the Treasury is more exposed to independent advice than ever before."

The changes have not satisfied everyone. Bill Martin, UK economist at Swiss bank UBS and among the Treasury's fiercest critics, thinks it "is still too secretive".

هكذا من الأصل

Operetta

A very British 'Pinafore'

The one puzzling thing about Sunday's concert performance of this "Entirely Original [illegible] Comic Opera" was why it should be in [illegible] London Philharmonic's "International Series". The cast [illegible] British [illegible] could be, and [illegible] conductor too, and most of the (sensibly reduced) orchestra.

T[illegible] [illegible] questions there were obvious [illegible]ers. Why [illegible] a concert *Pinafore* at all? Because it will fill the Royal Festival Hall, if it has enough singers with Names. Why should singers who have earned their Names in grander music bother with G&S? Because they think it [illegible] be fun, and it is nice to sing to [illegible] happy audience. How can they be so sure that [illegible] [illegible] will be happy? Because nearly all the latter have [illegible] heard it many times before – they have probably sung in it; and if few modern singers with [illegible] can mimic the vintage D'Oyly Carte style, their modern Personalities should make piquant compensation for any falling-away from orthodoxy.

And so they did, and it *was* fun. Roger Norrington conducted the piece at a brisk clip. Though three of the announced soloists had dropped out of play, their replacements – just slightly lesser Names – gave full measure: Neil Jenkins as a fervent, upstanding Ralph, [illegible] Thomas [illegible] [illegible] Handelian [illegible] manners [illegible] ripe Edwardian melodrama [illegible] Dick Deadeye, Marilyn Hill Smith a model of D'O.C. diction and innocence as sweet Josephine.

Her sire Captain Corcoran [illegible] David Wilson-Johnson, her nearest competitor in the diction-stakes, artful about underlining any political innu[illegible] with [illegible] newly up-to-date echo (as Gilbert's lines seem regularly to have). The Butterfly and the First Lord [illegible] the Admiralty were Sarah Walker and Benjamin Luxon, both of them emitting Personality on an expansive, shamelessly appealing scale. The London Philharmonic Choir, reduced but energetic, sang the crew of the *Pinafore* and the sisters, cousins and aunts with a will.

[illegible] sheer talent and [illegible] Gwion Thomas almost turned the Boatswain into [illegible] major character; and in the still smaller roles [illegible] Hebe and the Carpenter, the young mezzo Ruby Philogene and [illegible] Jonathan [illegible] [illegible] disproportionately good. All in all, the performance [illegible] engaging enough to [illegible] [illegible] I append one plea nevertheless, about diction.

Not unlike Walton's *Façade*, the G&S operettas make great play with setting Gilbert's consciously clever, scansion-heavy texts to deceptively simple music with an easy flow. The apparent clash between those things, and the witty accommodation that Sullivan engineered between them, is the heart of the matter. No doubt the old D'O.C. company preserved its authentic" stagings too long – but its practised, ultra-lucid, front-of-the-mouth delivery still seems the best way of bringing G&S to full comic life. That is vanishing now. We shall come to miss it.

David Murray

Television/Christopher Dunkley

Funny icons of youth

Comedy, we are told with irritating frequency, is to the 1990s what rock and roll was to [illegible] 1960s. Comedians, [illegible] said, have taken [illegible] from rock [illegible] as youth icons. Stand-up comedy, they claim, used to be a low-key occupation [illegible] journeymen, but today's [illegible] [illegible] are [illegible] look at Paul Merton in all those soap commercials. Once it was the Rolling [illegible] who represented rebellion and the rejection [illegible] older generation's values, but today it is Steve Coogan, Christopher Morris and the rest of the team from *The Day Today*.

It is drivel, of course: part of the naive arrogance of the younger generation which always thinks [illegible] has just invented everything "shocking" from free love to loud music. They believe Merton and Ben Elton are unprecedentedly big stars because they do [illegible] realise how large Max Miller and George Formby loomed in the public imagination of their grandparents' generation. They honestly believe that there is something quite new and different about the success of French and Saunders because they [illegible] [illegible] [illegible] remember how Morecambe and Wise bestrode the nation via television in the 1960s. Tell them that M & W used to attract audiences of 20 million and more, as did *Steptoe And Son*, ratings much larger than any comedian gets today, and either they refuse to believe you or they say "Ah, well, that was in the days [illegible] split by all [illegible] new channels", [illegible] the fact that *Coronation Street* is still able to pull in more than 20 million today.

There [illegible] a brief period [illegible] London's [illegible] [illegible] brand new, [illegible] *The Young* [illegible] [illegible] while Alexei Sayle was still doing "'Allo John Got A New Motor?" with hysterical energy (last week on BBC2's *All New Alexei Sayle Show* he was sending up his own youthful performance of that rap satire as though it had been some sort of Vera Lynn number; he is becoming sadly mellow) when only a small band of cognoscenti realised what was happening. For a few months, while the spore remained underground, perhaps there was some strength in the Rolling Stones analogy; had she known about it, your mother wouldn't have liked it.

But today? The comedy rebels of the underground [illegible] through [illegible] surface long ago to be assiduously cultivated by television's head gardeners. Some of them are [illegible] perfectly acceptable [illegible] [illegible] generation of [illegible]. Harry Enfield is more than [illegible] match [illegible] Emery, though [illegible] notably more revolutionary. [illegible] and Baddiel operate at much the same [illegible] [illegible] as [illegible] [illegible]. Trying [illegible] [illegible] Reeves [illegible] [illegible] [illegible] than Little and Large is like trying to [illegible] which [illegible] sophisticated, [illegible] cabbage or boiled sprouts.

In *The Man From Auntie* on BBC1 on Thursday nights Ben Elton is showing [illegible] he [illegible] easily abandon the tedious political correctness with

The new generation of comedians is not rebellious or anarchic but has an inward-facing fascination with the [illegible] media

which he used to curry favour from crowds of lager swilling students, and deliver sustained comedy monologues which are worthy of Dave Allen. True, Allen has a tougher line on religious and what you might call philosophical subjects, [illegible] you [illegible] currently [illegible] in [illegible] night repeats on ITV. But Elton can build a bigger head of laughter in those increasingly frenetic attacks that he [illegible] – [illegible] – "crap design". [illegible] onslaught, beginning with the all-metal teapots in motorway service stations, which can only be picked up after the tea has gone cold, was a highly professional and very funny piece of work.

However, the idea that Elton rep[illegible] for the 1994 teenager what Brian Jones represented [illegible] in [illegible] is laughable. Or it would be were it not so sad. What it [illegible] is not the strength of television comedy but the weakness of rock music: after the rebel years of the Stones, then androgyny, punk and grunge, where was there to go? The supposed wickedness of today's youth programmes such as *The Word* on C4 on Friday and Saturday nights is so pathetic that it is easy to see why young people would be keen to find something else with which to identify. Comedy might serve if there really was something stirring going on, but the enthusiasm which Elton and some of his contemporaries bring to talk of "poos" and condoms just does not seem very outrageous these days.

The chief characteristic of much of the new generation of comedians is not any sort of rebelliousness, let alone dangerous anarchy, but an inward-facing fascination with the mass media. The main strength of *Absolutely Fabulous* is the accuracy with which Jennifer Saunders' scripts have satirised the world of glossy women's magazines and PR parties, and the eclecticism of excess – booze, drugs, food, sex, new age crazes, clothes – among those who throng the fringes of this little universe. The mistake of the second series has been to enlarge the role of the boringly square daughter, Saffron, who was originally just a foil to her mother and Patsy; and to step more and more often outside that claustrophobic little world of Bollinger, poser phones, and bikini-line waxing. Tomorrow, we are told, Edi and Patsy are off to Morocco. Better, surely, to have mounted an expedition to Harvey Nicks.

Even Sayle, who has tried to distance himself from the "alternative" comedy brigade, though working with virtually all of them, frequently looks inwards to the mass media for laughs. Last week he told us that Sarah Dunant of *The Late Show* had been taken down the nick for a good kicking because the police profoundly disagreed with something she said about the poetry concrète of John Cage. He ended the programme with [illegible] sight [illegible] [illegible] wearing ludicrously [illegible] outfits, flowery [illegible] and so on, and complaining "I'm sure I didn't have these on in the last shot", [illegible] joke concerned entirely with the concept of continuity.

As for *The Day Today*, they [illegible] only limit themselves to jokes about the mass media, but specifically to jokes about news and current affairs programmes. Since its strength comes from the precision with which they parody the manners and mannerisms of foreign affairs reporters, news anchormen and so on it is difficult to convey the feel of the programme.

Though standards vary from series to series (*Abfab 2* may improve but so far it is sadly inferior to *Abfab 1*) and even from week to week, there [illegible] surely [illegible] [illegible] the [illegible] [illegible] new generation of comedians are an improvement [illegible] much of the [illegible] [illegible]. Channel 4's [illegible] [illegible] series *Home Improvement*, and ITV's new vehicle for Penelope Keith, *Law And Disorder*, [illegible] us how lazy, repetitive and predictable the conventional sitcom has become. There is just the one gag in *Home Improvement*: dad, who presents a DIY television series, is a complete disaster when it [illegible] doing anything around his own home. And the [illegible] trundled out for Penelope Keith [illegible] [illegible] remind you [illegible] those boards at fairgrounds with [illegible] to [illegible] your head through: you just provide the face.

[illegible] the younger comedians [illegible] wafting a bit of fresh air into [illegible] system, which is surely [illegible] more than they should be doing. It would be exciting if they were leading [illegible] revolutionary movement, intent upon some radical form of cultural subversion, infiltrating the dusty corridors of television comedy, taking with them an army of young viewers ready to turn things upside down. However, the evidence on screen suggests that most of them are about as rebellious as Harry Worth [illegible] Benny Hill, and [illegible] the programmes coming our way are approximately [illegible] unsettling [illegible] a Bing Crosby musical. [illegible] today Lenny Bruce really would look revolutionary on television – and he has been dead for 28 years.

[illegible] Lumley and Jennifer Saunders in 'Absolutely Fabulous': better off in that claustrophobic little world of Bollinger, poser phones and bikini-line waxing

Just what 'Gloriana' requires: Josephine Barstow [illegible] a marvellous monster of grand feeling and 'ressentiment'

Opera North stars in the South

David Murray reviews 'Gloriana' at Covent Garden

With its production of Britten's unlucky Coronation opera *Gloriana*, Opera North invaded Covent Garden for the first time on Monday. (The company has done several trade-offs with the ENO, but it was never exactly "Opera North" that we saw at the London Coliseum.) Its moment was well chosen, and so was the piece. This *Gloriana* – conducted by Paul Daniel, directed by Phyllida Lloyd, designed by Anthony Ward – establishes a new stature for the opera, does that with a whole, committed company, and in so doing reminds us of a path the Royal Opera might have taken 20-odd years ago, but didn't.

First, the opera itself (one more London performance on Thursday). By common consent, it bears the restrictive marks of its 1953 origin: semi-official status as "the Coronation opera", a felt need for pageantry and Englishry – not then Britten's natural inclinations – and a resultant compromise between "public" music and the intimate [illegible] [illegible] that the [illegible] [illegible]. Though the crypto-romantic story of Queen Bess and her maverick Earl of Essex (in William Plomer's libretto after Lytton Strachey) seemed to offer both-way opportunities, the final score shifts from foot to foot between Festival of Britain pomp, fey neo-Elizabethan lyricism and darker post-tonal kicks.

If those elements are not seamlessly melded in the Opera North show, they are held in a fine, persua[illegible] balance. Ward's stark, effective [illegible] fill up the Royal Opera stage handsomely, glowing in Rick Fisher's light-designs, and his costumes are splendid. Miss Lloyd's staging is clean, cogent, bold, exactly to the purpose: after this production, her Opera North *L'Etoile* and her London play *Six Degrees of Separation*, I should trust her with *anything*. Daniel and his orchestra search deep into the score, and bring it up in high profile with dense, pointed force. The Opera North choruses act as compellingly as they sing.

Above all there is Josephine Barstow's Elizabeth I, a marvellous monster of grand feeling and *ressentiment*, just [illegible] [illegible] ideally requires. [illegible] usual, [illegible] gives us something unique and memorable; if she had [illegible] granted [illegible] naturally glamorous voice too, [illegible] might not have striven (who knows?) to [illegible] the great actress-musician that she is. Her [illegible] Thomas Randle, whose macho vocal thrust may be inapt for the haunted "Second Lute Song" but contributes hugely [illegible] his developing character, recklessly wild and [illegible].

[illegible] this page [illegible] December, Max Loppert praised [illegible] production and [illegible] principals in detail after its [illegible] premiere. I should add only some [illegible] to Paul [illegible] elegantly sung Spirit [illegible] the Masque (which [illegible] choreographed [illegible] firm dramatic pur[illegible] by [illegible] [illegible], like the courtly [illegible] later); Hilary [illegible] dia[illegible] lady-in-waiting; and [illegible] Gwynne's ripe Ballad Singer.

Opera North [illegible] a regular [illegible] [illegible] artists, [illegible] the Royal Opera nowadays keeps only a few third-leads and comprimarios on contract – thus condemning itself (unlike the New York Met, or La Scala or the Vienna Opera) to largely bought-in casts, and leaving the ENO as [illegible] metropolitan [illegible] where [illegible] [illegible] British [illegible] can [illegible] their feet and develop. That [illegible] [illegible] me [illegible] artificial and short-sighted. [illegible] why should Lon[illegible] "premier" [illegible] house [illegible] content to serve as a profitable stop for [illegible] stars in [illegible]?

T[illegible] [illegible] conductor Gennadi Rozhdestvensky [illegible] withdrawn from the new Royal Opera production [illegible] [illegible] [illegible] because of [illegible] differences, writes Antony Thorncroft. The romantic opera will [illegible] [illegible] scheduled, on Monday, February 14 with [illegible] Bernardi in [illegible] pit.

[illegible] busy [illegible] schedule limited Rozhdestvensky's appearances [illegible] [illegible] and some of the young singers in [illegible] production, [illegible] [illegible] by Tim Albery, [illegible] him difficult to work with. Mario Bernardi [illegible] conducted the work [illegible] the [illegible] [illegible] Opera.

Original [illegible] [illegible] Nottinghamshire County Council and [illegible] Britten [illegible]

INTERNATIONAL ARTS GUIDE

■ BERLIN

BERLIN FILM FESTIVAL
The festival opens tomorrow with the German premiere of Bernardo Bertolucci's Little Buddha, and features more than 650 films over the following 10 days.
Films entered in the competition include Ladybird Ladybird (Ken Loach), In the Name of the Father (Jim Sheridan) starring Daniel Day Lewis, The Remains of the Day (James Ivory) starring Emma Thompson, an Aids film by Jonathan Demme entitled Philadelphia, Fearless (Peter Weir) with Jeff Bridges and Isabella Rossellini, and an Ayckbourn-inspired marathon by Alain Resnais entitled Smoking/No Smoking. [illegible] the competition, there will be a showing of Carlito's Way (Brian de Palma) starring Al Pacino. Retrospectives are devoted to director/actor Erich von Stroheim and Sophia Loren. Booking: Europa-Center first floor or Kino International. Information and programme details [illegible] from Berlin Festival, Budapesterstrasse 50, Berlin [illegible] [illegible]

■ BORDEAUX

Grand-Théâtre [illegible] [illegible] Anton Rickenbacher conducts revival of [illegible] de Simone's production [illegible] [illegible] Zauberflöte, [illegible] cast headed by Gilles Cachemaille and Donna Brown. Repeated Feb 15, 18, 21, [illegible] 27 (5648 5854)

■ COLOGNE

Philharmonie Tonight: Arditti Quartet and friends play works by Schnittke and Schumann. Next Wed: Martha Argerich and Gidon Kremer. Feb 18: Simon Rattle conducts Orchestra of Age of Enlightenment. Feb 23: José Carreras (0221-2801)
Opernhaus Tonight, Fri, next Wed: James Conlon conducts Harry Kupfer's new production of Shostakovich's The Nose. Feb 18: revival of Fidelio with Ben Heppner as Florestan (0221-221 [illegible])
Schauspielhaus This month's repertory includes Günter [illegible] radical version of Fiddler on the Roof, Chekhov's The Seagull and Shakespeare's As You Like It (0221-221 8400)

■ DRESDEN

Dresden this weekend marks the anniversary of the destruction of the city by Allied bombers on 13 Feb 1945. Colin Davis conducts memorial concerts in the Kreuzkirche on Sun and Mon. The programme at the Semperoper includes Der Rosenkavalier tonight with Felicity Lott, a performance of Winterreise by Peter Schreier accompanied by Christoph [illegible] [illegible] Sun, and [illegible] conducted by Colin Davis on Feb 20, 24 and 27 (0351-484 2323). Michel Plasson conducts concerts performances [illegible] [illegible] at [illegible] Kulturpalast on Feb [illegible] and 20 (0351-486 6666)

■ FRANKFURT

Oper The main event this week is the first night on Sun of a new production of Janacek's From the House of the Dead, conducted by Sylvain Cambreling and staged by Peter Mussbach (repeated Feb 16, 17, 19, 20, 23, March 6). Repertory also includes Il barbiere di Siviglia and William Forsythe's ballet Alien Action (069-236061)
Jahrhunderthalle Hoechst Fri: Christian Zacharias piano recital. Sat: Staatsoper Posen in Flotow's Martha. Sun, Mon, Tues: Rudra Béjart Lausanne in a programme of Béjart choreographies (069-360 1240)

■ HAMBURG

Staatsoper Tomorrow, Sun: La boheme with Veronica Villaroel as Mimi. Fri, Sat, Mon: new Ravel ballet trilogy, choreography by John Neumeier (repeated Feb 18, 19). Tues: Madama Butterfly with Miriam Gauci (040-351721)

■ LEIPZIG

Opernhaus [illegible] new production of Don Giovanni opens on Sat, staged by John Dew and conducted by Jiri Kout (repeated Feb 18, 27, March 5, 24). Repertory includes Boris Godunov, Werther, Elektra and two Uwe Scholz ballets (0341-291036)
Gewandhaus Saxophonist Steve Lacy gives a jazz concert tomorrow. [illegible] Caballé gives a [illegible] on Sun. The next Gewandhaus Orchestra concerts are on [illegible] 17 and 18 (0341-713 2280)

■ LILLE

Nouveau Siècle Tonight: Laurent Cuniot conducts Orchestre National de Lille in works by Schumann, Liszt and Mendelssohn, with piano soloist Dimitri Vassilakis. Next Tues: Arnold Oestman conducts Mozart, Wiren and Haydn (2012 8240)
Opéra Sat: Jean-Claude Casadesus conducts first night of Daniel Mesguich's production of Un ballo in maschera, with cast headed by Vincenzo La Scola, William Stone, Steflos [illegible] and Linda Finnie. Repeated next Mon, Wed, Fri and Sun (2012 8240)

■ LYON

Opéra Tonight, Fri, Sun: Louis Erlo's arrangement of Les Contes d'Hoffmann (tel 7200 4545 fax 7200 4546)
[illegible] Sat: Hans Graf conducts Orchestre National de Lyon in works by Weber, Strauss and Prokofiev, with horn soloist Radovan Vlatkovic(7860 3713)

■ MARSEILLE

Opéra Feb 15, 18, 20, 23: Henry Lewis conducts Paule Goiller's production of [illegible], with cast headed by Sergey Kopchak, Lando Bartolini and Lyuba Kazarnovskaya (9155 0070)

■ MONTE CARLO

Salle Garnier Tonight, Fri, Sun afternoon: Salvatore Accardo [illegible] [illegible] Kaegi's production of Cosi fan tutte (9216 2299)

■ MUNICH

Gasteig Tonight: Théâtre de [illegible] Paris presents Ionesco's 1962 play Exit the King. Tomorrow, Fri: Kurt Sanderling conducts Bavarian Radio Symphony Orchestra in symphonies by Mozart and Bruckner. Sun morning, next Mon, Wed and Fri evenings: Gerd Albrecht conducts Munich Philharmonic Orchestra in works by Peter Ruzicka, Mahler and Pettersson. Sun evening: Edita Gruberova sings operetta (089-4809 [illegible])
Staatsoper Fri: Charles Mackerras conducts Le nozze di Figaro. Sat, next Wed: Peter Schneider conducts Tom Cairns' new production of Un ballo in maschera. Sun: La Cenerentola with Cecilia Bartoli (repeated Feb 15, 18, 22 and 25). Next Mon and Thurs: John Cranko's ballet The Taming of the Shrew (089-221316)
Herkulessaal der Residenz Feb 21: Alban Berg Quartet. Feb 22: Labeque Sisters. Feb 23: Marjana Lipovsek song recital. Feb 24: Maurizio Pollini. Feb 25: Gidon Kremer and Martha Argerich. Feb 28: Julian Bream (089-299901)
■ Munich is in the midst of its annual carnival, known as Fasching. Much of the official programme is centred on Prinzregententheater [illegible] 1414) and Deutsches [illegible] ([illegible] 4360), which have a variety of special concerts, dance galas and entertainment shows. Fasching runs till Feb 15.

■ OSLO

[illegible] Fri: Giuseppe Sinopoli conducts Olso Philharmonic Orchestra [illegible] Mahler (2283 3200)

■ STOCKHOLM

Royal Opera Tonight: Pelléas et Mélisande . Tomorrow: La traviata with Lena Nordin as Violetta. Fri, next Mon and Tues: Glen Tetley's ballet The Tempest. Sat afternoon: Lohengrin with Gösta Winbergh in title role (tickets 08-248240 information 08-203515)
Konserthuset Tomorrow, Fri: [illegible] Kamu conducts Royal Stockholm Philharmonic Orchestra in works by Rehnqvist, Bartok and Beethoven, with piano soloist Olli Mustonen (tickets 08-102110 [illegible] 08-212520)
[illegible] Fri: Gustav Kuhn conducts Gothenburg Symphony Orchestra in Beethoven's Fourth and Fifth Symphonies. Next Tues: Per Engström conducts Swedish Radio Symphony Orchestra, with mezzo Annika Skoglund (08-784 1800)

■ STRASBOURG

Palais de la Musique Tomorrow, Fri: Vaclav Neumann conducts Strasbourg Philharmonic Orchestra in works by Dvorak, Saint-Saens and Brahms, with cello soloist Antonio Meneses (8852 1845). Feb 16-20 in Théâtre Municipal: [illegible] Fledermaus (8875 4823)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, [illegible]
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

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Super Channel: FT Reports 1230.
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Euronews: FT Reports 0745, 1315, [illegible] 1845, [illegible]
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Sky News: FT Reports 2030
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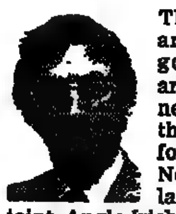
Sky News: 0330; 1330
SUNDAY
Super Channel: FT Reports 2230
Sky News: FT Reports 1730; 0430

Ian Davidson

Not as bleak as it looks

Some essential truths about Northern Ireland are becoming clear



The London and Dublin governments are [redacted] give [redacted] new push to their initiative for [redacted] in Northern Ireland. In their joint Anglo-Irish declaration, launched two months [redacted] they held out [redacted] explicit possibility [redacted] of the [redacted] halves of Ireland, if that was [redacted] the people of Ireland [redacted] But [redacted] essential precondition [redacted] this initia[redacted] in motion [redacted] that the IRA terrorists must [redacted] declare a [redacted]

That precondition has not been met. The IRA [redacted] not rejected [redacted] but [redacted] that it has not stopped [redacted] bombing [redacted] a permanent [redacted] not [redacted] likely. The UK and Irish prime [redacted] they [redacted] from here; [redacted] though they need [redacted] think again.

The rationale for the [redacted] ber declaration [redacted] IRA was [redacted] after [redacted] fruitless [redacted] rorism, and [redacted] give up. [redacted] the [redacted] tired, [redacted] requires great faith [redacted] clude that they [redacted] democracy. And [redacted] if [redacted] of the terrorists were prepared [redacted] give up, Whitehall officials [redacted] that they [redacted] be held hostage by [redacted]

If the IRA [redacted] give up terrorism, the [redacted] governments [redacted] must rethink their [redacted] from top [redacted] Mayhew, [redacted] Ireland secretary, [redacted] Britain will press ahead with new moves, including [redacted] government [redacted] the province; perhaps it may. But [redacted] political process [redacted] hard republicans, [redacted] perhaps [redacted] hard unionists, will [redacted] meagre affair beside [redacted] comprehensive [redacted] the [redacted] declaration.

Yet the strategic position may be less bleak than it looks, because various parts of the truth are now being made plain. First, the declaration gives explicit recognition not just to the undeniable old fact, that Northern Ireland is historically and geographically part of Ireland, but also to the new political fact, that its future will be decided not in London [redacted] in Ireland. In [redacted] introduction to the declaration, the two governments say their aim is "a new political framework founded [redacted] consent"; [redacted] purely British [redacted] "It is [redacted] the people of Ireland alone, by agreement between [redacted] parts respectively, to [redacted] right [redacted] self-determination, on [redacted] consent, [redacted] wish". [redacted] give [redacted] comfort [redacted] rightwing national[redacted] Westminster, [redacted] unionists [redacted] Northern Irish [redacted]

Such [redacted] explicit recognition by the [redacted] of the legitimacy [redacted] the [redacted] Irish unity (though only by consent) [redacted] unprecedented. But the corollary [redacted] the principle of [redacted] is that terrorism, [redacted] far from advancing [redacted] cause [redacted] Irish unity, makes [redacted] impossible. The very premise [redacted] terrorism is [redacted] democracy, [redacted] total negation [redacted] consent. [redacted] Northern Ireland, [redacted] communi[redacted] are [redacted] evenly [redacted] to admit [redacted] a victory of one over the other. IRA terrorism can[redacted] lead to [redacted] political victory for the nationalists, [redacted] immediate [redacted] would be [redacted] by [redacted] Protestants, most probably [redacted] civil war.

If the leaders of the IRA [redacted] take [redacted] the offer [redacted] "reconciliation, leading [redacted] political framework", that would be wonderful; but it may be too much of a miracle to hope for. If they do not, then the IRA and Sinn Féin will both be politically dead meat. If they reject the opportunities offered by the declara[redacted] they will have forfeited their claim to speak for [redacted] people of Ireland; and they will have shown that terrorism [redacted] precedence over politics, [redacted] that Sinn Féin [redacted] ruled by the IRA, not the other way round.

The central problem is with the definition of the concept of consent

But whether the IRA [redacted] yes or [redacted] the central problem in the [redacted] with [redacted] definition of the concept of consent. The reason for the terrorism by Catholics and Protestants is that consent is lacking; and even if the terrorism stopped, consent would still be lacking. In fact, there is never likely to be, in our lifetimes, the kind of political majority, either for keeping or for changing the constitutional status quo, which could be counted on to produce a permanent and peaceful settlement of the Northern Ireland question.

The corollary is that the medium-term future of Northern Ireland will be decided not by local parties or [redacted] majorities, but by agreement between [redacted] governments [redacted] and Ireland. [redacted] Mayhew professes [redacted] rule [redacted] of joint authority [redacted] Northern Ireland; but in strategic terms, that [redacted] precisely [redacted] implied by the Anglo-Irish [redacted] When the [redacted] ments say their aim is "a new political framework, [redacted] Northern Ireland, for the [redacted] island, [redacted] these islands", they [redacted] talking about shared authority, [redacted] a [redacted] *facto* condominium.

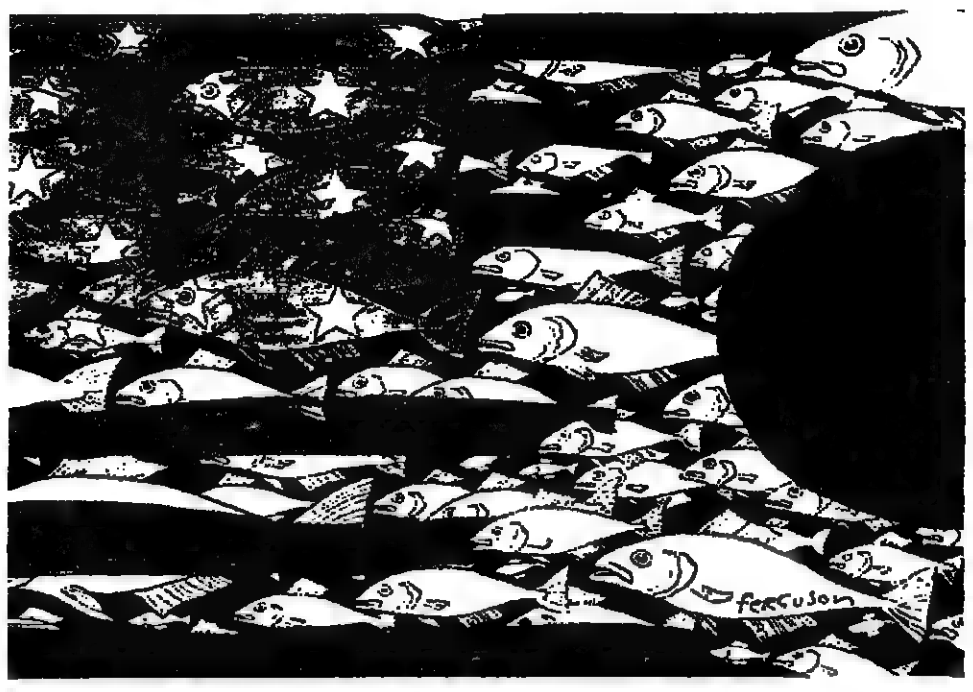
One [redacted] study* [redacted] argued for [redacted] *jure* [redacted] lum, through [redacted] Anglo-Irish treaty. This would be [redacted] extraordinary innovation in constitutional practice, and would have [redacted] with [redacted] old-timers in the [redacted] Commons. But [redacted] would [redacted] logical sense, [redacted] it [redacted] rule out, for ever, the only grounds for terrorism: [redacted] hope [redacted] victory by [redacted] community at the [redacted] of the other. And [redacted] could [redacted] make [redacted] creative political contribution to the development of inter-state relationships in the context [redacted] the European Union.

[redacted] reality [redacted] condominium, at least let us [redacted] no more talk of self-determination. We [redacted] seen [redacted] it [redacted] in former Yugoslavia, and [redacted] do not need that kind of [redacted] mination in Northern Ireland.

**Northern [redacted] Sharing Authority, [redacted] O'Leary, Lyne, [redacted] Rowthorn, IPPR, 30 Southampton [redacted] £9.95*

Patrick Harverson examines the inroads made by Japanese securities houses on Wall Street

Minnows swim in fresh waters



In the battle [redacted] nomic superpowers, investment banking is [redacted] business where the US has dominated Japan. Even in Japan's home market, [redacted] Tokyo subsidiaries of some of [redacted] biggest US securities [redacted] – Salomon Brothers, Morgan Stanley and Goldman [redacted] – have established good profit records that some Japanese firms, struggling with the effects [redacted] recession, might envy.

While a [redacted] big US firms [redacted] thrived in Tokyo, their Japanese counterparts have found it difficult to shine on Wall Street, where [redacted] houses [redacted] always dominated.

The balance may now be changing. Competition from Japan's "big four" securities [redacted] – Nomura, Daiwa, Yamaichi and Nikko – [redacted] intensifying. The [redacted] main[redacted] of broking, trading and underwriting [redacted] and [redacted] overwhelmingly in US hands, [redacted] large [redacted] tribution [redacted] corporate relationships give American firms [redacted] But [redacted] some niche businesses, Japan's [redacted] four [redacted] built market [redacted] relatively quickly, by applying [redacted] amounts [redacted] capital and trading skills acquired locally. The Japanese have also piqued their [redacted] rivals by poaching many top [redacted] with [redacted] of hefty [redacted] packages.

Daiwa America, for example, has [redacted] as one of [redacted] most profitable players in specialised mortgage-backed securities trading; Nomura [redacted] International, in [redacted] than three [redacted] has become [redacted] main participants [redacted] still small business [redacted] "program" trading, in [redacted] execute, usually with computers, large-volume [redacted] for [redacted] institutions; Nikko [redacted] International [redacted] has become heavily involved in the trading [redacted] financial futures (contracts [redacted] buying [redacted] selling securities at [redacted] date); Yamaichi International is developing a presence in specialist equity products [redacted] as [redacted] and [redacted] in different markets to take advantage of price [redacted]

In part, [redacted] has been forced [redacted] the [redacted] four. [redacted] the early [redacted] the dollar's slide against the yen, the faltering Japanese economy and the volatility of Tokyo [redacted] prices have gradually squeezed the business [redacted] American [redacted] of Japanese [redacted] firms traditionally relied upon: selling [redacted] to Japanese customers and Japanese [redacted] to US institutions.

Mr Stanley Ginsberg, a senior vice-president [redacted] Daiwa America, says [redacted] demand for [redacted] from Japanese [redacted] began [redacted] dry up, "it [redacted] the [redacted] [in New York] [redacted] to localise ... and [redacted] Daiwa America could [redacted] longer be [redacted] single-service shop".

Other Japanese firms [redacted] a similar conclusion: the answer has been [redacted] "Amer[redacted] US subsidiaries. [redacted] Daiwa [redacted] one [redacted] the first moves was [redacted] bring in Mr [redacted] Stone, [redacted] former [redacted] mon [redacted] mortgage-backed securities trader, [redacted] hired [redacted] team [redacted] professionals in the field from [redacted] best Wall Street firms such as First Boston and [redacted] Lynch. Daiwa has pioneered [redacted] products [redacted] mort[redacted] such as loans secured on mobile [redacted]

Daiwa has subsequently added futures trading and equities arbitrage [redacted] its mortgage [redacted] securities [redacted] Nikko [redacted] International has [redacted] and [redacted] fast-growing Latin American investment banking market, [redacted] it [redacted] underwriting yen-denominated bonds [redacted] by local companies. "This [redacted] firm, so we should [redacted] like a US firm," [redacted] Mr Ryosuke Suzuki, chairman [redacted] York operation.

The strategy of concentrating on niche businesses is already paying dividends

Nomura has gone furthest in reshaping its US subsidiary. The change [redacted] in [redacted] Mr Max Chapman, former president [redacted] US investment [redacted] Peabody, was appointed co-chairman of Nomura [redacted] the Japanese firm's US [redacted] He was [redacted] American to fill such a [redacted] at [redacted]

[redacted] Chapman arrived, "this [redacted] essentially a [redacted] office, a [redacted] office, [redacted] Nomura Tokyo", [redacted] Joe [redacted] the head of equity [redacted] NSI, who joined [redacted] chairman from Kidder. [redacted] well as overhauling the [redacted] management, Mr Chapman encouraged the development of [redacted] trading, [redacted] management, mortgage-backed securities, [redacted] international equity and bond underwriting.

The common thread through all [redacted] changes [redacted] big four [redacted] been a [redacted] in business [redacted] from buying and selling [redacted] on behalf of [redacted] trading the [redacted] Tokyo head [redacted] therefore had [redacted] the US operations [redacted]

There [redacted] still [redacted] however, on [redacted] the parent companies [redacted] willing [redacted] grant. When Nomura's [redacted] Chapman [redacted] to buy a $10m [redacted] in a small [redacted] American [redacted] a region he believes [redacted] NSI's future, Tokyo [redacted] his [redacted]

Any nervousness on the part of Japanese parent companies could [redacted] explained by the experience of the mid-1980s, when the big four tried to challenge Wall Street firms [redacted] the lucrative business of underwriting US company securities.

The Japanese failed then [redacted] make a big impact because they lacked a network of salesmen and brokers, established corporate relationships and investment banking skills. They were also used to handling straightforward but high-volume transactions. The big four eventually realised, says Mr John Keefe, securities industry observer with the Keefe Worldwide consultancy in New York, "the techniques that work in the Tokyo mar[redacted] – mass offerings of low-price services – are [redacted] of date for the US, where there is more of a premium placed on offerings tailored [redacted] individual [redacted] and investor".

The Japanese securities firms in New York rule [redacted] attempting to go down that route again. Mr Schmuckler of Nomura says: "We've recognised [redacted] going [redacted] tall order ... for us to be looked at [redacted] value-added distributor of US equity products to Americans." [redacted] David [redacted] senior executive vice-president at Yamaichi International, [redacted] that winning underwriting business from [redacted] companies has "historically [redacted] tough nut for all Japanese [redacted] crack".

For the big four, however, [redacted] of concentrating [redacted] already paying dividends. NSI, after losing [redacted] in [redacted] late [redacted] and early [redacted] will make more than $125m in [redacted] 1993-94 [redacted] year, [redacted] from [redacted] year before.

Others have been reluctant to give figures, but Daiwa says [redacted] mortgage-backed securities operation has turned its [redacted] into a profit centre, Yamaichi claims [redacted] have been in [redacted] black for [redacted] years, while Nikko [redacted] earnings [redacted] gradually improving.

The [redacted] to [redacted] Japanese revival on Wall Street has been [redacted] The [redacted] of a [redacted] US [redacted] house says: "I [redacted] think they've [redacted] much progress. They [redacted] much underwriting for US corpora[redacted] stocks or [redacted] they developed a [redacted] [securities] trading operation?"

[redacted] the Japa[redacted] firms, however, has not [redacted] to [redacted] US underwriting [redacted] trading. They may be the big four at home, but in New [redacted] they would rather [redacted] into US markets, profiting [redacted] smaller, less [redacted] profile, [redacted]

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 [redacted] 5938. [redacted] should be clearly typed and not hand written. Please [redacted] for [redacted] resolution

Auschwitz must be preserved

[redacted] Sir Sigmund Sternberg.

Sir, I [redacted] with [redacted] Christian Tyler's perceptive [redacted] (February 5) in which he [redacted] the question [redacted] Auschwitz [redacted] its conflicting role [redacted] memorial, museum [redacted] tourist [redacted]

I [redacted] Dr Jonathan Webber: a [redacted] memorial [redacted] centre [redacted] the [redacted] should [redacted] all exhibition material.

A possible venue, already extant on [redacted] camp's perimeter, is the convent nuns vacated in 1993 (not 1992) after intervention by the Pope. The convent building is now empty and in danger of being vandalised. It should be utilised while [redacted] camp itself [redacted] left "[redacted] and eerie", in the words of Dr David [redacted]

We should [redacted] guided by [redacted] who, like Ben Helfgott, feel strongly that what is left should be preserved. The Holocaust denyers and revisionist historians will continue [redacted] claim that the most evil [redacted] crimes never occurred. But the appeal should [redacted] wish to know the truth of what happened [redacted] Auschwitz, why [redacted] happened and to ensure it never happens again.

Sigmund Sternberg,
chairman,
International Council
of [redacted] and Jews,
[redacted]
[redacted] Grafton [redacted]
London NW5 4BD

Rover gains a hopeful platform for the future

[redacted]

Sir, [redacted] points [redacted] by [redacted] Wiltshire and de [redacted] (Letters, February [redacted] sale [redacted] Group [redacted] BMW seem [redacted] more on emotional patriotism than [redacted]

I find it surprising that Mr Wiltshire [redacted] it [redacted] replacement will [redacted] BMW platform. [redacted] so [redacted] using [redacted] platform from [redacted] company recognised as building [redacted] in the world?

Moreover, he [redacted] that, [redacted] consequence, [redacted] R&D work on this model will be con[redacted] in Germany. He overlooks the [redacted] that no [redacted] than [redacted] model [redacted] (200/400,600 and [redacted] are [redacted] platforms, yet the [redacted] were [redacted] developed in Japan.

[redacted] it [redacted] BMW [redacted] only in [redacted] BMW is buying Rover for its expertise in smaller, front-wheel-drive [redacted] – an example [redacted] how technology will flow [redacted] in [redacted] deal.

Mr [redacted] models [redacted] for replacement" [redacted] 200/400, [redacted] Metro). While [redacted] would [redacted] in [redacted] of the Metro, [redacted] 200/400 and 800 [redacted] buyers dis[redacted]

It [redacted] regrettable [redacted] is to [redacted] British ownership. But it would [redacted] had it [redacted] to [redacted] indifference, incompatibility and restricted investment offered by [redacted] Mr Wiltshire threatens [redacted] stop buying Rover cars. [redacted] way [redacted] help [redacted] 33,000 British employees?

Simon Bates,
[redacted] Court,
University of Surrey,
Guildford,
Surrey GU2 5XH

Jargon's less evident purpose

[redacted] Susan Corby.

Sir, Lucy Kellaway regales [redacted] ("Time [redacted] walk [redacted] talk", February 4) with amusing examples [redacted] new management jargon, but ignores a reason for it. Linguistics specialists [redacted] us [redacted] our thinking and so influence our [redacted] The new jargon does not merely seek [redacted] mystify; it helps shift [redacted] agenda. [redacted] as "reward", rather than "pay", and "rightsizing", rather than "redundancies", [redacted] managerial authority. We may laugh at jargon but we should [redacted]

Susan Corby,
[redacted] lecturer in industrial relations,
Manchester Metropolitan [redacted]
Aytoun [redacted]
Aytoun Street,
[redacted]

High cost of local reform

[redacted] Mr Eric Milligan.

Sir, Your [redacted] of the problems [redacted] with [redacted] government [redacted] in England unfortunately did [redacted] a [redacted] the publication on Thursday [redacted] a study by [redacted] of the cost of reform in Scotland. It [redacted] entitled *Local Gov[redacted] Reorganisation [redacted] Scot[redacted] A [redacted] of [redacted]*

The study [redacted] the [redacted] of change is [redacted] and three times the figure quoted by the secretary of state for Scotland, with none [redacted] resultant operational savings claimed by the govern[redacted]

[redacted] has [redacted] pointed out in your columns, it [redacted] extraordinary that [redacted] government [redacted] intent on pursuing in [redacted] UK measures with such high transitional [redacted] (amounting [redacted] £400m for Scotland alone), when the national priority is [redacted] country's [redacted] from recession. To [redacted] change [redacted] added the opportunity costs [redacted] the disruption [redacted] services to industry and [redacted] munity, with [redacted] that benefits – financial or [redacted] – will follow.

Eric Milligan,
convenor,
Lothi[redacted] Council,
Regional Chambers,
Parliament Square,
Edinburgh [redacted] 1TT

Outlaw upwards-only provisions on commercial rents

[redacted] V A G [redacted]

Sir, [redacted] that [redacted] are signs of recovery in [redacted] property market it might be worth considering again the sense and legality [redacted] upwards-only rent review provisions in commercial leases.

[redacted] been the [redacted] practice [redacted] landlords and [redacted] in the [redacted] 25 [redacted] upwards-only [redacted] review provisions. I am aware of no significant exceptions since [redacted]

I have seen two booms and their respective collapses from 1973 [redacted] 1989. In the recent [redacted] boom, the premium for space in [redacted] City of London was so high and the imposition [redacted] upwards-only [redacted] reviews so [redacted] that one might be tempted to conclude there was a conspiracy.

[redacted] subsequent crash, however, accompanied by high interest rates, found tenants with falling revenues locked into upwards-only clauses [redacted] prevented rentals reflecting [redacted] trends. The [redacted] has been insolvency for many, so aggravating the recession, [redacted] amount [redacted] space at rents [redacted] than half the boom-year peak. This agony prompts one [redacted] conspiracy theory.

[redacted] present, upwards-only rent review clauses are [redacted] on grounds that they are part of a freely negotiated [redacted] bargain by the parties. This is rubbish. [redacted] locked [redacted] high rents that are unaffordable in a recession [redacted] powerful restraint on trade.

In recent negotiations, rent[redacted] enticingly low. [redacted] the upwards-only rent review emerges unharmed. There [redacted] some deals that modify it, but I [redacted] are rare and, [redacted] the market goes up, the [redacted] habit will [redacted] again.

As the damage to businesses and profitability both for tenants and landlords has [redacted] so obvious [redacted] years, surely the time has come [redacted] outlaw upwards-only [redacted] visions.

Some may argue that aboli[redacted] will damage the balance sheets of property companies and [redacted] banks [redacted] institutions which [redacted] to them. [redacted] should show these banks and institutions the folly of favouring [redacted] small group of customers over the majority – the tenants. Regrettably, however, the lessons have not been learnt.

Legislation [redacted] the only way [redacted] end this pernicious practice.

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FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 [redacted] Telex: [redacted] Fax: 071-407 [redacted]
Wednesday February 9 1994

Clarke nudges interest rates

The change in UK base rate announced by the Bank of England yesterday came as a surprise, the surprise being not so much the fact of a cut, as its small size. This was the first quarter-point cut since April 1985. What does such fine-tuning of interest rates mean and does it make any sense?

The justification for the small change in the base rate of interest was provided by the Bank's inflation report, published – not coincidentally – on the day the cut was announced. It has three main messages: first, inflation has turned out significantly lower than forecast last November, partly because of large reductions in food prices; second, underlying inflation is projected to stabilise at about 2-3 per cent from the middle of this year, well below the forecasts made last November; but, third, "the risks to the central projection for inflation are asymmetric – a rise in underlying inflation seems more likely than a further fall".

If lower than expected inflation [redacted] thought to justify yesterday's [redacted] in [redacted], the relatively [redacted] risk [redacted] ble future [redacted] justified only [redacted] small one. In [redacted] the [redacted] something, but not much.

[redacted] base [redacted] down [redacted] seen [redacted] briefly in 1977, [redacted] that "it [redacted] right to [redacted] magnitude [redacted] changes". Yesterday's quarter-point [redacted] is, for example, proportionately equivalent [redacted] half-point [redacted] with [redacted] 11 [redacted]. It will [redacted] a reduction [redacted] some 10 per [redacted] in the short-term real [redacted]. While small, therefore, [redacted] absurdly small.

For all that, the [redacted] mainly symbolic. The authorities have [redacted] to adopt [redacted] monetary policy equivalent of the lifting of the governor's eye-brows.

[redacted] Alan Greenspan's Federal [redacted] demonstrated only last Friday the [redacted] of an intrinsically trivial change in [redacted] rates, at least when it comes from a respected institution and signals the turn in the [redacted] est [redacted] cycle. But what does [redacted] particular change symbolise? A part [redacted] the [redacted] Mr Kenneth Clarke [redacted] fairly [redacted] the economy's likely performance. [redacted] is [redacted] the authori[redacted] they can fine-tune monetary policy in [redacted] to emerging news about both inflation and economic activity.

The criticism [redacted] the fine-tuning [redacted] it [redacted] implausible [redacted] knowledge. But [redacted] criticism of [redacted] Mr [redacted] calls prudence [redacted] this [redacted] just [redacted] word for complacency.

[redacted] Bank's inflation report [redacted] employees' expecta[redacted] inflation have been running considerably [redacted] inflation and wage settlements. This means that employees have been forced by higher unemployment to accept lower than desired wage increases. This also suggests that pay inflation may continue to fall. Moreover, retail price inflation is forecast by the Bank to turn out lower than employees expect, even with the tax increases in the pipeline.

The economy might also slow. As the report points out, if real disposable income were to stagnate over the next two years, a growth rate of 2¼ per cent a year in real consumption would require a decline in the personal savings ratio to 6 per cent, a level last seen in 1988. Given the tax increases in prospect, stagnation in real disposable incomes is conceivable. How likely then is such a steep decline in the savings rate, particularly given the still exceptionally high ratios of personal debt to income?

So the Bank may still be too pessimistic on inflation, which might fall faster than now forecast, partly [redacted] of current capacity under-utilisation and partly because growth in demand may fall. If so, the chancellor may make several of his quarter-point cuts over the next year. Politically, this would give him more days to announce good news. Economically, such fine-tuning has little [redacted] recommend it. Provided the chancellor responds swiftly to economic developments, it need not do much harm either.

EU secrets

Ever [redacted] Danish [redacted] rejected [redacted] treaty in [redacted] the governments they [redacted] rebuffed [redacted] spoken frequently [redacted] the European Union's need to improve its image by showing greater "openness". Unfortunately, [redacted] about trans[redacted] accountability [redacted] still mocked by [redacted] practice.

[redacted] in [redacted] council [redacted] minis[redacted] remain shrouded in unnecessary secrecy. The Commission, [redacted] all its promises [redacted] a more systematically [redacted] approach, [redacted] yet to produce change [redacted] it [redacted]. Now the member [redacted] are becoming embroiled in [redacted] embarrassing legal wrangle over attempts [redacted] limit public access to information on [redacted] decisions.

The [redacted] cannot [redacted] on [redacted] aim [redacted] their code [redacted] conduct on information, which [redacted] allow unrestricted [redacted] except [redacted] monetary stability, national security, [redacted] confidentiality, privacy or relations with non-member coun[redacted] might [redacted] endangered. In December, however, the council, by majority vote, inserted an exemption [redacted] EU institutions the right to reject requests [redacted] information that could [redacted] "contrary [redacted] the efficiency and good [redacted] of the institution".

Infuriated by this potentially open-ended confidentiality clause, the Dutch government has decided to seek annulment of the code of conduct in the European Court on [redacted] grounds that a purported attempt to improve the rights of EU citizens should have been settled by unanimity rather than majority. Its action is thoroughly welcome. If the December decision is not changed, it will seriously undermine such moves to "open[redacted]" [redacted] have already [redacted] allow EU [redacted] maintain their traditional approach: [redacted] all information [redacted] they [redacted].

Reversing this [redacted] however, will only be [redacted] first [redacted] in bringing genuine transparency [redacted] EU affairs. Ideally, [redacted] Union [redacted] comprehensive [redacted] information [redacted] along US lines, and [redacted] full televising of [redacted] main legislative body, the [redacted]. [redacted] minimum, it should publish [redacted] full agenda [redacted] council meetings and disclose how governments voted thereafter. Only then will the citizens of EU member states be able to exercise proper scrutiny [redacted] being taken secretly in their name in [redacted].

Dial Asia

[redacted] the [redacted] fastest growing regional [redacted]. But beyond a handful [redacted] developed countries, [redacted] telecommunications [redacted] are primitive. According to the World Bank, across much of the region they "continue to perform substantially and chronically beneath the needs of their respec[redacted] economies".

Virtually all [redacted] the medium- and low-income countries in the region have long waiting lists for telephone lines. In nearly half [redacted] it [redacted] take until 2000 [redacted] later [redacted] meet [redacted] demand [redacted] of recent growth [redacted]. China, India, Indonesia and Vietnam – to take just the larger lower-income [redacted] – provide [redacted] than one phone line per 100 people.

All governments in the region recognise the problem. [redacted] them also sense the solution: liberalisation [redacted] restricting the provision [redacted] telecommunications [redacted] across the region they are prevaricating, willing the end but suspicious [redacted] the [redacted] – particularly if it involves, as it inevitably does, the admission [redacted] overseas companies as partners in new ventures.

Their main [redacted] and jobs. Ministers see telecom[redacted] as "strategic", so do [redacted] want to [redacted] control. They also worry that privatisation and competition will [redacted] in large-scale cost-cutting, [redacted] it has in developed countries.

Both fears are unfounded or exaggerated. Privatisation of existing operators is not the first essential, [redacted] the [redacted] Bank study rightly [redacted]. The priority [redacted] to [redacted] new operators [redacted] build lines and provide services, [redacted] guarantee [redacted] sound regulatory [redacted] environment. [redacted] can [redacted] losing ultimate [redacted] control, notably by use [redacted] "build, operate, transfer" contracts [redacted] the kind being pioneered by [redacted].

Similarly, privatisation need [redacted] involve the [redacted] majority stake. The [redacted] objective [redacted] developing [redacted] should be to acquire [redacted] partner [redacted].

[redacted] would [redacted] well [redacted] study [redacted] experience. In [redacted] years [redacted] consortium led by [redacted] US operator GTE [redacted] minority stake in the country's [redacted] telephone company, it [redacted] network [redacted] than in the previous 20 years. The moral is not [redacted] to te[redacted]munications.

Swoop for a tempting morsel

GKN's bid for Westland comes as the helicopter industry undergoes restructuring, writes Paul Betts

Westland's position [redacted] an independent [redacted] only helicopter [redacted] always [redacted] eight [redacted]. But there is [redacted] particular irony in yesterday's £500m takeover swoop by GKN on the Yeovil-based helicopter manufacturer.

Westland's financial crisis [redacted] precipitated by an abortive attempt to develop the W30, a civil version of [redacted] Lynx military helicopter, led to a full-blown [redacted] crisis [redacted] the resignation of Mr Michael Heseltine, at the time defence secretary, and [redacted] and [redacted] try secretary, Mr Leon [redacted].

The [redacted] was [redacted] Westland should end up under American control or as part of a new European helicopter consortium led by Aerospatiale of France. Yesterday the company appeared on the verge of falling into the hands of a venerable British engineering company, better known for its expertise in the car components industry.

Westland's initial reaction was to describe the GKN bid as "unwelcome". But while GKN's timing caught it by surprise, it had already been bracing itself for a takeover approach in the past few months. Ever since United Technologies (UTC), the US conglomerate and owner of Sikorsky, the world's biggest helicopter manufacturer, indicated last year it intended to shed its 18.7 per cent equity holding in Westland, the die appeared to be cast for Westland's independence.

UTC's shareholding dated back to the original Westland rescue package, when the US company was flanked by Fiat of Italy and Hanson, the industrial conglomerate, as core shareholders of the UK helicopter group. In 1988, GKN bought the Fiat and Hanson holdings, giving it a 22 per cent stake in the company as well as a mutual agreement with UTC to have first rights on each other's Westland interests.

Armed with UTC's agreement on Monday night to sell its 18.7 per cent stake to GKN, and with a big minority of the shares already under its belt, the UK engineering group launched its full bid. If successful, GKN will secure a more solid UK base for Westland. The question is whether [redacted] takeover by GKN would ultimately provide a long-term solution for Westland and helicopter development in the UK at a time of consolidation in the industry in the US and Europe.

Mr Alan Jones, the Westland chief executive who will take over next month as chairman from Sir [redacted] Fletcher, [redacted] successfully restructured the [redacted] during the past four years and placed it on a sounder footing. Although helicopter [redacted] – the company only delivered four [redacted] – there are encouraging prospects in the shape of Westland's new EH101 [redacted] and transport helicopter, jointly developed with Agusta of Italy. It has continued to make good profits from helicopter spares and overhaul business and is bidding, in a partnership with McDonnell Douglas, for the UK army's £2bn requirement for a new attack helicopter.

At the same time, Westland has been aggressively cutting its cost base, and more than 2,000 jobs have been shed in the past six years. It has also expanded in the civil aerospace business, supplying components and structures for large airframe programmes. Its £1.45bn order backlog guarantees it three years of sales.

But for all this successful restructuring, Westland still faces a longer-term problem of scale in an industry undergoing a profound shake-up. In Europe, Aerospatiale of France has merged its helicopter business with that of Deutsche Aerospace to create the Eurocopter joint company, the world's second-largest helicopter manufacturer after Sikorsky. In the US, McDon[redacted] Douglas [redacted] selling its helicopter [redacted] operations [redacted] profit [redacted] forming part [redacted] group, [redacted] on [redacted] McDonnell Douglas [redacted] its helicopter business, [redacted] would [redacted] consider [redacted] if the right opportunity [redacted].

[redacted] thought [redacted] might be [redacted] compete [redacted] in the [redacted] market, its restructuring [redacted] helicopter [redacted] it an [redacted] target [redacted] GKN. [redacted] Lees, GKN chairman, [redacted] that the improved outlook at Westland [redacted] important [redacted] his company's [redacted]. [redacted] engineering [redacted] acquired [redacted] original [redacted] in [redacted] eventually, [redacted] developing [redacted]. "We looked upon our stake in Westland [redacted] option: [redacted] a question whether we [redacted] exercise [redacted] it," [redacted] David explained.

Although GKN is [redacted] supplier [redacted] light armoured vehicles, its [redacted] occupies a relatively [redacted] position in its overall industrial portfolio. The [redacted] had annual [redacted] £120m [redacted] representing [redacted] the Ministry of [redacted]. This compared [redacted] total group [redacted].

[redacted] GKN [redacted] options. First, [redacted] control of Westland or sell its stake; [redacted] significant, [redacted] had [redacted] in the [redacted] sec[redacted] or pull [redacted] of [redacted] market altogether. At [redacted] time when not only the helicopter [redacted] consolidating but [redacted] far-reaching changes are taking place among [redacted] big[redacted] contractors, all [redacted] compa[redacted] facing [redacted] hard [redacted] to [redacted] in [redacted] busi[redacted].

[redacted] had considered both options. What swayed [redacted] decision [redacted] combination of circumstances, including changes in [redacted] following the [redacted] of [redacted] cold war, [redacted] in breaking into the Middle East export [redacted] with its [redacted] vehicle, and the progress in [redacted] EH101 helicopter programme.

Sir David believes the post-cold-war defence environment has increased demand for rapid-deployment military equipment such as armoured vehicles and helicopters. Although defence spending has been cut, the emphasis is now on mobile battlefield equipment for localised conflicts, peacekeeping and internal security. "The threat of more regional conflicts like Bosnia, Somalia or the Gulf are unfortunately very real. Helicopters and armed vehicles are very useful products in these military situations," he [redacted].

Although GKN's [redacted] to supply Warrior vehicles [redacted] the Ministry of Defence ends this year, an order for an unspecified number of armoured [redacted] from [redacted] will maintain Warrior production until [redacted].

Apart from complementing [redacted] defence activities in [redacted] specialised niche of rapid-deployment [redacted] equipment, [redacted] would [redacted] provide the engineering group with a hedge in the event that future export [redacted] of armoured vehicles [redacted] meet expectations. Simply put, by the time [redacted] Kuwaiti contract runs out [redacted] 1997, Westland should be starting the production [redacted] of its new EH101 helicopter.

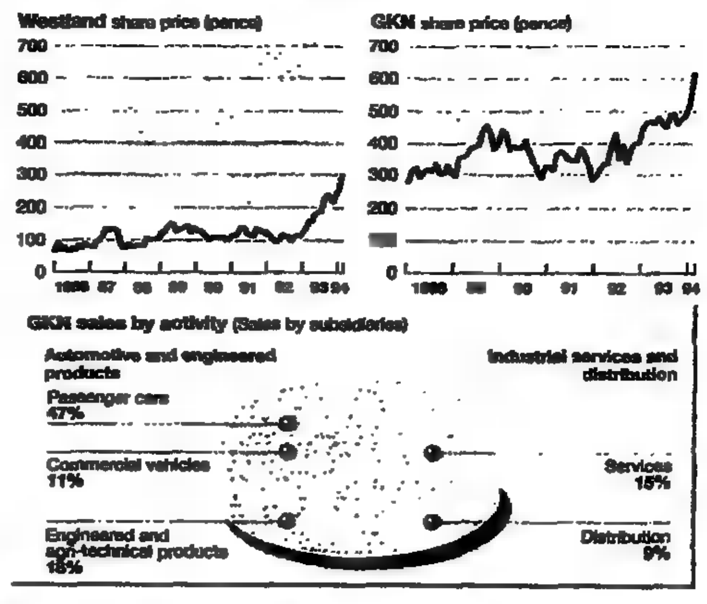
Sir David said GKN [redacted] thinking seriously about expanding its defence business last year, when there were signs that UTC [redacted] interested in selling its stake in [redacted]. The [redacted] company [redacted] in the throes of its own restructuring, and is competing against Westland in [redacted] product areas, notably with [redacted] proposed [redacted] large helicopter which would rival the EH101.

Everything suddenly seems [redacted] fallen [redacted] lap: [redacted] UTC [redacted] now given [redacted] a 47 per cent [redacted] in Westland [redacted] ultimate, if not perhaps immediate, control of [redacted] helicopter maker; it has boosted [redacted] of [redacted] defence division into a £500m [redacted] year operation, mak[redacted] the [redacted] leg [redacted] busi[redacted], along [redacted] com[redacted] and industrial services; [redacted] itself against possi[redacted] future swings in the defence [redacted] positioning [redacted] in both the [redacted] helicopter [redacted].

[redacted] all [redacted] will be [redacted] to form a sound, long-term basis [redacted] expanding [redacted] for the [redacted] helicopter industry [redacted] open question. The prospect of the imminent revival of talks between British Aerospace and [redacted] General Electric Company [redacted] a single, large UK defence contracting group could ultimately have profound [redacted] sions for [redacted] for its prospective new owner.

The battle for Westland: turbulence ahead

[redacted] chronology
- [redacted] Westland Aircraft formed
- 1959 Acquires Saunders-Roe
- 1960 Acquires helicopter division of Bristol Aircraft and Fairey Aviation
- [redacted] Westland crisis: financial reconstruction package approved, with US's Sikorsky (division of United Technologies) and Fiat acquiring minority shareholdings
- 1988 GKN acquires 22% holding in Westland for £48m
- 1991 IBM and Westland win £1.5bn prime contract for EH101
- 1994 Westland clinches £150m order from Brazilian army
- 1994 GKN buys United Technologies' stake in Westland and launches hostile bid for remaining 53%



Source: Datastream/GKN Report accounts

Peter Norman on the careful calculations that lay behind yesterday's cut in UK base rates

Into uncharted territory

For the Treasury [redacted] Bank of England, yesterday's [redacted] to cut [redacted] rates by a quarter percentage point to 5.25 per cent was a judgment of Solomon.

Inflation, whether measured by the "headline" retail prices index or by the government's chosen "underlying" inflation rate of RPI minus mortgage interest payments, is set to rise in the months ahead as the indirect taxes decided in last year's two Budgets are put into effect.

On the other hand, as yesterday's Bank of England inflation report makes clear, the rise will come from a much lower base than assumed just three months ago so that, with luck, the official target ceiling of 4 per cent for underlying retail price inflation will not be breached either this year or next.

Mr Kenneth Clarke, the chancellor, focused yesterday on recent economic indicators in his explanation for the first quarter-point rate change since 1985. But the discussions between the Bank and Treasury that led up to the decision when Mr Clarke met Mr Eddie George, the Bank governor, a week ago, were concerned just as much with the future.

The UK economy is heading into uncharted territory, requiring judgments by policymakers for which recent experience is a poor guide.

The biggest imponderable is the fiscal tightening that takes effect from April when the tax increases decided last year really begin to bite. The increased tax burden in 1994-95 – at £8.4bn or 1.3 per cent of gross domestic product – looks formidable. But nobody can tell how the public will react to the mix of frozen tax allowances, increased national insurance contributions, reduced mortgage interest relief and lower married couples' allowance, and value added tax on domestic fuel and power.

Will the tightening choke off the recovery, as many have warned? Or will low inflation, falling interest rates and increased consumer confidence caused by falling unemployment prompt people to reduce their savings from the most recent recorded level of 10.6 per cent of disposable income and so keep up a healthy level of consumption?

The strength of the economy since the November Budget favours the second scenario. But if the economy [redacted] strong, will not people want higher wages to [redacted] the increased tax burdens and set off a wage-price spiral [redacted] to those that were so familiar in the past?

The Bank and Treasury hope that they will not. They [redacted] taken comfort from the way in which the inflationary pressures unleashed by sterling's devaluation in September [redacted] absorbed by industry, wholesalers, [redacted] employ[redacted], and they [redacted] hoping [redacted] will stay subdued [redacted] the [redacted] because [redacted] is still thought to [redacted] in [redacted].

The signs are that the decision was finely balanced. The Bank would have opposed a half-point cut

It [redacted] this slack, [redacted] output [redacted] has enabled the UK to cut rates [redacted] when economic growth [redacted] have risen above its long-term trend rate. [redacted] US, [redacted] growing faster [redacted] further advanced than in Britain, last week decided to nudge [redacted] short-term interest [redacted] higher by a quarter of [redacted] percentage point precisely [redacted] it [redacted] the [redacted] absorbing [redacted] might run into inflationary bottlenecks.

Yesterday's [redacted] further evi[redacted] the freedom given to the monetary authorities by the pound's departure from the Euro[redacted] exchange [redacted] mechanism in September 1992. The UK's [redacted] cut came [redacted] the [redacted] disappointing hopes [redacted] lower German [redacted] by leaving [redacted] signifi[redacted] "repo" [redacted] unchanged [redacted] 6 [redacted]. The UK [redacted] only [redacted] pound and [redacted] exchange [redacted] sterling seems [redacted] played no more [redacted] a minor role in the [redacted] leading [redacted] cut.

Instead, by timing the cut for the same day [redacted] report, the authorities [redacted] emphasise how [redacted] in Britain are now [redacted] primarily by [redacted] medium-term inflation outlook. [redacted] choosing [redacted] day when [redacted] Clarke left London early [redacted] trip [redacted] Paris and Mr George [redacted] conferring with fellow central bankers in Basle, they [redacted] also have sought [redacted] play down [redacted] move.

All the signs are that [redacted] final decision [redacted] finely balanced. The [redacted] certainly [redacted] opposed a cut [redacted] half a percentage point for fear that it might fuel inflation.

The quarter-point [redacted] rate cut will [redacted] little perceptible impact on [redacted] UK [redacted]. Indeed, the Halifax Building Society [redacted] yesterday that it would not change [redacted] borrowing or lending [redacted] follow[redacted] move.

But [redacted] rate reduction will [redacted] a slight tightening [redacted] monetary [redacted] that had arisen because inflation [redacted] been more subdued than anticipated since November, [redacted] pushing real interest rates higher. In that case it will do no harm.

OBSERVER

Fly in Jo'burg soup

■ A private lunch in Johannesburg yesterday offered an intriguing insight into both the African National Congress and one of South Africa's leading newspaper groups.

Host was David Kovarsky, chief executive of Times Media, whose publications [redacted] Day, the Sunday Times and the Financial Mail. Guest of honour was ANC president Nelson Mandela. Surprisingly absent, as a result of ANC objections, was Nigel Bruce, editor of the Financial Mail.

Bruce was paying [redacted] price [redacted] having offended Pallo Jordan, a member of the ANC executive and the organisation's information supremo; Jordan was invited to the lunch. Three years ago Bruce, in an article on South Africa's service sector, referred to Johannesburg waiters as "truculent tribesmen with a thumb in the soup and an eye on the clock".

When the ANC [redacted] Kovarsky's invitation to lunch, Jordan made clear that he and Mandela would only attend if the author of this slur was not present.

Two weeks ago Bruce wrote to Jordan accepting that the comment might have been in poor taste, expressing "sincere regret" if it had caused offence, but saying that he did not deserve to be branded [redacted] racist on this account.

Jordan spurned the olive branch and, with Kovarsky's reluctant approval, Bruce withdrew from the lunch, saying to Jordan: "I do not wish to force my company on you or anyone else." What's for dessert?

Global village

■ All is revealed as to how Peter Job, the peripatetic Reuters chief executive, had, at the last count this past summer, clocked up visits to 69 different nations during his time with the company. At yesterday's press conference, he explained that the news and information service can now count terminals in 150 countries, but went on to admit that even he had difficulty in remembering quite which they were. So he had boned up on Reuters internal list ahead of his date with the press – to find Iceland omitted, but Chessington included.

Paddy's revenge

■ Action man Paddy Ashdown lived up to his reputation the other night with [redacted] robust suggestion on how best to tame the BBC's hard-nosed interviewer, Jeremy Paxman, who frequently terrorises politicians on BBC's Newsnight.

"Kick him on the shins under the table," the Liberal Democrat leader told [redacted] House of Lords dinner for aspiring ethnic minority Lib Dem MPs. No sooner had the ex-commando passed on this fighting tip than the BBC pulled him away for an 11th hour appearance on ... [redacted]. Obviously, Paddy doesn't kick hard enough.

'I was supposed to play a pensioner in Maxwell the musical'

Crossing de Cuéllar

■ Even former [redacted] secretaries-general are no longer treated with respect. Javier Pérez de Cuéllar – whose cv boasts more than 30 honorary degrees and "the highest decorations of nearly 40 countries" – was to be found in London yesterday giving an impassioned talk about the importance of democracy to the Anglo-Peruvian society.

"I am 100 per cent a [redacted] and think that all problems can be solved by democracy," opined de Cúellar. "Oh yeah," piped up a Colombian scribbler, [redacted] peeved when the great man pooh-poohed the notion of solving the international drugs problem by legalising the trafficking of narcotics. "We have [redacted] long-established democracy in Colombia and we haven't solved all these problems," she averred.

Off line

■ Poor old British Telecom. Its young rival, Mercury, really does seem to be running rings round it in the public relations battle [redacted] its biggest ever single price cut.

No sooner had Michael Hepher, BT's group managing director, addressed the nation yesterday morning on BBC [redacted] Today programme, than up popped a man from Mercury saying his company was also cutting [redacted] prices. Hepher then moved across to BBC breakfast TV, only to find himself sparring with Terry Rhodes, Mercury's director of competition strategy.

Hepher, keen to maximise the impact of what should have been BT's biggest publicity coup in years, had agreed to carry on the debate with Mercury on ITN's lunchtime news. However, when BT heard that Harris had delegated one of his flunkies, the indefatigable Rhodes, Hepher [redacted] out. [redacted] press office said last night that Hepher had wanted to debate the subject with the "organ grinder, rather than the organ grinder's assistant".

Hearts and minds

■ John Major's arrival in Leicester last night on the first of his promised meet-the-people [redacted] has not put an end to No 10's bunker mentality.

Desperate to boost moral[redacted] ahead of the local elections, Major has invited half a dozen of the Tory party's top wom[redacted] activists for a *tête-à-tête* next month at Downing [redacted]. But the distinguished [redacted] have been told that it will not be an open session [redacted] any old gripe can be aired.

Instead they are required to submit – in advance – two written questions. Major has promised to answer one question from each. The sort of treatment one might expect to be dished [redacted]t to errant kids rather than party [redacted].

Welsh movie

■ The Brecon & Radnor Express saw the writing on the wall for Welsh agencies a while back, when it ran [redacted] story [redacted] the Development Board for Rural Wales. The headline: "Last Quango in Powys?"

FINANCIAL TIMES
Wednesday February 9 1994

'Political discrimination' fear over Hong Kong

Britain rebukes China's envoy for trade threat

By Alexander Nicoll, Asia Editor, in London

China's ambassador [illegible] Britain [illegible] rebuked yesterday by Mr Douglas Hurd, the UK foreign secretary, for [illegible] to British companies they would suffer discrimination in China because [illegible] the dispute [illegible] London and Beijing over Hong Kong.

[illegible] Hurd [illegible] relations between China and the European Union would be affected if companies failed to win business for political reasons.

Mr [illegible] Yuzhen, the [illegible] dor, has met executives of many leading British companies doing business in China [illegible] warned them that Chinese people would be offended by Britain's stance on Hong Kong and would therefore be more willing to deal with companies from other countries.

The possibility [illegible] UK companies [illegible] Chinese investment [illegible] trade [illegible] Hong Kong [illegible] pute seriously [illegible]. British exports [illegible] have [illegible] rising sharply, though from a [illegible] Businessmen, though [illegible] seen publicly disagreeing with the government over [illegible] policy [illegible] Hong Kong, have recently been meeting ministers and officials.

However, Mr Hurd told a [illegible] liamentary select committee: "I am [illegible] ambassador [illegible] exceeding his functions, but I think that British [illegible] be well advised not [illegible] take his analysis [illegible] value."

Mr Hurd [illegible] "That kind of discrimination for political [illegible] sons [illegible] something which the European [illegible] have to [illegible] very seriously."

[illegible] European foreign ministers had briefly [illegible] on Monday [illegible] relations with [illegible] EU and [illegible] application to join [illegible] Agreement [illegible] and Trade.

[illegible] Brittan, [illegible] commissioner, plans [illegible] issue [illegible] trade discrimination against EU member [illegible] Beijing in the [illegible].

[illegible] Mr [illegible] called [illegible] Foreign [illegible] been told by a senior official that his [illegible] British companies were unhelpful.

Businessmen [illegible] the ambassador had [illegible] careful [illegible] to [illegible] that the [illegible] ment itself would discriminate against British [illegible] he and [illegible] Chinese government [illegible] have repeatedly [illegible] Sino-British trade [illegible] bound [illegible] from [illegible] relations resulting from [illegible] Hong Kong [illegible].

[illegible] not yet [illegible] to identify any contract [illegible] a British [illegible] the dispute.

Mr Hurd [illegible] strong support for Mr Chris Patten, [illegible] Hong Kong, [illegible] proposals for broader democracy [illegible] bitterly opposed by [illegible].

He [illegible] strongly in the [illegible] of China, which [illegible] sovereignty [illegible] Kong in [illegible] to reach [illegible] constitutional issues [illegible] well [illegible] Hong Kong's [illegible] airport and technical aspects of [illegible].

UN row brews over Bosnian air strikes

By [illegible]

Two [illegible] permanent [illegible] of the United Nations Security Council yesterday came out against air strikes against the Bosnian Serbs, with Russia claiming that UN secretary-general Mr [illegible] Boutros Ghali had [illegible] his authority in instructing Nato [illegible] prepare for [illegible] action.

With Nato ministers due [illegible] consider the feasibility [illegible] air strikes at [illegible] meeting in Brussels today, the Russian foreign ministry yesterday [illegible] that "Mr Boutros Ghali's letter [to Nato] deals with [illegible] which [illegible] beyond UN [illegible] Bosnia."

Meanwhile, [illegible] said [illegible] wanted [illegible] only peaceful means [illegible] the conflict in Bosnia, instead of "[illegible] might intensify [illegible] frontation and further compli[illegible] situation [illegible]".

In [illegible] letter – delivered [illegible] Mr Manfred Wörner, the Nato secretary-general, on [illegible] – Mr [illegible] Ghali [illegible] he [illegible] empowered under UN resolution 836 [illegible] authorise [illegible] in Bosnia.

However, Mr Mikhail Demurin, a Russian foreign ministry spokesman, said Mr Boutros Ghali's request to Nato should have been made only after consultations [illegible] community. "[illegible] for [illegible] one thing, while making [illegible] political decision [illegible] launch them [illegible] quite another," he said.

Ukraine and Canada yesterday [illegible] spoke [illegible] military intervention, fearing it might endanger their peacekeeping troops in the former Yugoslavia.

In Washington, White House spokeswoman Dee Dee [illegible] said the US [illegible] still [illegible] on diplomatic remedies [illegible] the situation.

Mr John Major, the UK prime minister, emphasised that UN forces must apply "immediate and strong pressure" to halt attacks on Sarajevo. He said UN commanders should set clear and specific conditions for relief of the city. He insisted, however, that the UK would continue to block any suggestion of generalised air attacks.

● Mr Mate Boban, the hardline nationalist leader of the Bosnian Croats, resigned yesterday, an apparent casualty of growing international pressure on his political backers in [illegible].

THE LEX COLUMN

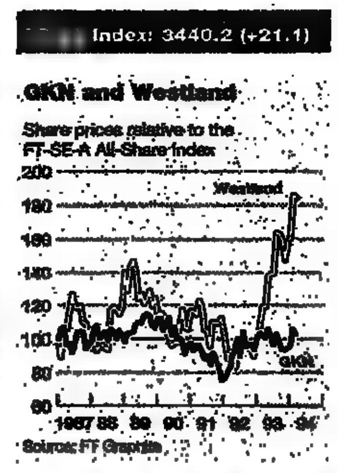
Cut down to size

A quarter-point cut in the base rate was baffling after last week's upbeat economic report from the Treasury. After last night's inflation report from the Bank of England, it is even more so. Though the report expresses satisfaction with the underlying fall in inflation, it attributes a large part to the one-off effect of supermarket price cutting. It contains nothing which calls out for an immediate fall in rates. Indeed, it suggests that a rise in underlying inflation is more likely than a further fall. Against that backdrop, markets were left groping for an explanation for the rate cut. The more it pondered, the more worried the gilts market became. Long issues lost all their early gains and more.

The natural temptation was to assume that the main motivation was political. The government faces difficult local and European elections in May and the prime minister has said he expects Tory support to revive as voters see the economy recover. He cannot risk the elections coinciding with a fresh economic slowdown induced by April's tax increases. Such an interpretation is impossible to prove. But in the absence of anything better, it is likely to stick.

For its part, the Bank seemed prepared to accept a quarter-point cut on the basis that it was better to be safe than sorry about the impact of the tax increases, but it was adamant in seeing no justification for a half-point cut. Perhaps the quarter point was a compromise, but the fact that rates are moving in such small stages suggests they must be near their trough. That is a bitter pill for the gilts market, especially if politics are influencing monetary policy. Sterling's sharp fall against the dollar last night reinforced the belief that US investors were moving on from gilts. The government cannot afford to see them go. It still has a lot of paper to sell.

[illegible] Index: 3440.2 (+21.1)



Source: FT Graphite

GKN/Westland

It is hard to adjust to the idea that Westland, in such deep trouble eight years ago, is now worth over £500m. But the company's medium term prospects have been transformed by good management and the Royal Navy's order for the EH-101 helicopter. Having sweated through the hard part of the recovery, Westland may be forgiven for feeling that GKN's bid is opportunistic. Faced with the current offer, shareholders may agree.

Despite GKN's brave attempts to make a helicopter look like an armoured personnel carrier, there is little overlap between the two defence businesses. The industrial logic of the deal is thus weak. On the other hand, profits from the Warrior fighting vehicle will slow in 1996, just as the EH-101 comes on stream, making the deal look wonderful on an analyst's spread sheet. At that stage, Westland's UK earnings would also release a large slug of GKN's pent-up Advance Corporation Tax.

Yet GKN has come in at a discount to the current market price. Admittedly, it is offering other shareholders the same deal it struck with United Technologies, and it already holds 47 per cent of the shares. But to reap the ACT benefits, GKN needs at least 75 per cent of the equity. Relying on a few institutions to tip it over 50 per cent, and then hoping that everyone else will cave in rather than remain a minority holder, is a dangerous game in a share with Westland's growth prospects. Clearly, there would be more money available for a recommendation, but that looks unlikely at anything like the current price.

There are financial risks with a small company shouldering such large defence contracts. Ironically, those concerns might increase if Westland were to win the British Army attack helicopter order with the Apache. Even so, it looks as though GKN wants Westland more than Westland needs GKN.

Reuters

The fear about Reuters was that it had lost its growth momentum. But it now appears that the stalling in the rate of screen installations at the end [illegible] the [illegible] reflected the cyclical downturn in financial markets rather than a terminal decline in prospects. Reuters' annual results certainly highlight a strong upturn in activity. Even when currency gains are stripped out, Reuters achieved double-digit revenue growth in the second half of 1993 and [illegible] that trend would continue this year. Instinet has been the star performer, almost tripling its profits contribution to £38m. Moreover, although Reuters' prices may not rise in 1994, its margins should still widen due to an improving product mix.

Despite its £350m share buy-back scheme, Reuters ended the year with £450m in the bank. An increasing rate of installations, higher research and development costs and recent acquisitions will absorb much of this year's cash flow. But Reuters retains substantial resources to back the seed-corn investments it has scattered in other fields should any promise to sprout shoots.

In the short run, Reuters will have to work hard to make sense of Quotron, which is experiencing a high rate of cancellations reducing its subscription base to well below 40,000. The uncertain future of Globex may also cause some anxious moments. But the chief concern of investors will be how great a premium they are prepared to pay for what is now the UK's biggest media business. Reuters' rating of 27 times 1993 earnings is certainly racy. Then again, many other media stocks sit on just as fat multiples with far less justification.

Granada/LWT

Granada's inability to secure a recommendation for its increased offer leaves LWT's shareholders with a decision they will not relish. The industrial logic for consolidation may be clear. The financial argument is also more compelling. Nevertheless, the big institutional investors, which control most of LWT's stock, will be reluctant to sell out a management that has done such a good job in delivering shareholder value.

But any sympathy will be tempered by fear of what will happen to LWT's shares should the bid fail. The media re-rating is unlikely to sustain the shares at the current level. Many shareholders, with stakes in both companies, will also be mindful of the damage that would cause Granada, too. That suggests the offer will succeed, [illegible] some investors may feel.

US telecoms group plans network for City of London

By Andrew Adonis in London

[illegible] Communications, the largest national provider [illegible] competing with the [illegible] companies in the US, is to launch [illegible] in [illegible] City of London.

With turnover of $108.7m in 1992 and operations in 14 [illegible] can [illegible] MFS will be [illegible] powerful competitor to BT and Mercury. It has a record of making [illegible] inroads [illegible] monopoly telephone companies through aggressive pricing and marketing.

MFS's City of London network, [illegible] will be operational [illegible] April, will be its first outside the US. [illegible] planning [illegible] other UK cities, and expects to provide access [illegible] Paris and Frankfurt later this year.

It will interconnect its London network with the long-distance networks [illegible] BT, Mercury [illegible] Energis, offering an end-to-end [illegible] competitive tariffs.

MFS has built [illegible] business by competing with former local monopoly carriers, offering [illegible] to long-distance networks.

[illegible] the break-up [illegible] US Bell telephone [illegible] in [illegible] and long-distance networks have been operated separately, with competition [illegible] more [illegible] in [illegible] long-distance market.

The price of UK business phone calls also fell sharply yesterday [illegible] the abolition of the peak-rate calling band by BT and Mercury, cutting between 20 and 25 per cent from the cost of calls made between 9am and 1pm on weekdays.

BT's price cuts fulfil most of its obligation to reduce prices before July by [illegible] per cent after [illegible] ing for inflation, under [illegible] price [illegible] agreement with [illegible] the [illegible] regulator.

[illegible] customers, [illegible] will gain little from the abolition [illegible] the [illegible] rate, were the main [illegible] cutting long-distance [illegible] prices [illegible] Christmas.

Mercury [illegible] matched BT's price cuts, and [illegible] still to [illegible] cheaper [illegible] most long-distance [illegible].

The abolition [illegible] peak [illegible] will [illegible] charging bands: [illegible] daytime [illegible] from 8am to 6pm on weekdays; a cheap [illegible] for calls [illegible] weekdays; and [illegible] rate.

Mr Terry [illegible], Mercury's [illegible] of competition policy, said Mercury had "long [illegible] planning" [illegible] abolish [illegible] equivalent of [illegible] rate but had been prevented [illegible] "by [illegible] existing [illegible] that we make to BT."

Mercury does not [illegible] local network, and [illegible] with BT [illegible] long-distance and international [illegible].

BT is already under pressure in its local market from cable companies building [illegible] and telephone [illegible] in [illegible] tions. Cable operators have more than 300,000 telephone customers and are growing rapidly in residential areas. They plan to invest more than £5bn in UK cable over the next five years.

Markets respond strongly in wake of Wall St rally

Continued from Page 1

inspired [illegible] agreement on [illegible] government's economic stimulus package which came [illegible] Tokyo stock market closed.

Continental Europe's bourses started well, but lost some [illegible] early gains [illegible] mild weakness in [illegible] equities in the American mid-morning. Wall [illegible] again, [illegible] profit-taking was keeping [illegible] lid on the market by mid-session, amid [illegible] and concern after the [illegible] tightening [illegible] monetary policy.

European government [illegible] markets [illegible] to hold on [illegible] early gains [illegible] an [illegible] signal from [illegible] Bundesbank [illegible] it had no immediate plans [illegible] lower [illegible]. Investors interpreted [illegible] central [illegible] decision [illegible] 14-day repurchase agreements [illegible] an unchanged fixed [illegible] of 6 per [illegible] that [illegible] were unlikely [illegible].

Better-than-expected [illegible] jobless [illegible] January and an upward revision in Germany's inflation [illegible] month [illegible] further [illegible] that the [illegible] could [illegible].

[illegible] the UK [illegible] cut, leading currencies took a [illegible] sterling. The dollar was slightly firmer against [illegible] the [illegible] and the yen.

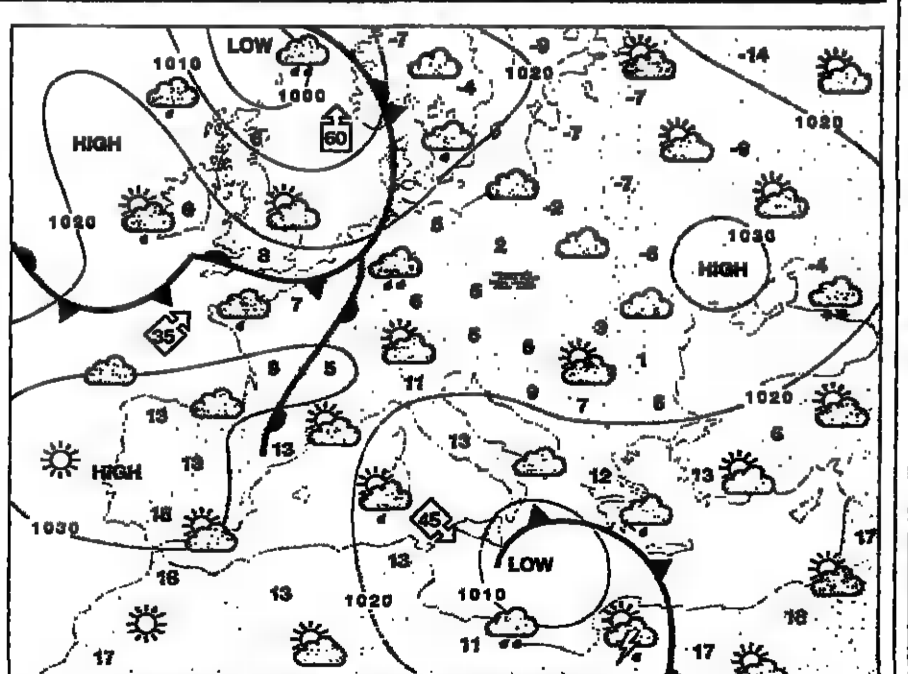
FT WEATHER GUIDE

Europe today

Scotland and northern Ireland will have wintry, blustery showers and gale force winds in coastal areas. England will remain cloudy with periods of rain. North-west France and the Benelux will also be cloudy and rainy. The rain will push eastwards in the afternoon [illegible] affect north-west Germany. It will be fair in the Alps, southern Germany and southern France, but there will be areas of persistent fog. Portugal and Spain will stay sunny, while southern Italy and Greece will be rather cloudy with numerous showers, sometimes with thunder. Temperatures in Scandinavia and Russia will stay well below freezing.

Five-day forecast

Wintry [illegible] will [illegible] in [illegible] and Russia. Western and southern regions will have some snow. Active low pressure in the Atlantic will push milder air towards [illegible] Europe with periods of rain and gale force winds on the coasts. The cold air in Scandinavia will remain until early next week when it will begin to push south. South-west Europe will stay dry and rather sunny. Cloud and showers will decrease in southern Italy and Greece.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Belfast	fair	5	Cardiff	fair	8
	Celsius		Belgrade	rain	7	Chicago	fair	-10
Abu Dhabi	sun	24	Berlin	fair	6	Cologne	rain	6
Accra	fair	32	Bermuda	shower	24	D' Salaam	fair	31
Algiers	shower	13	Bogota	fair	19	Dakar	fair	25
Amsterdam	shower	7	Bombay	sun	31	Dallas	rain	13
Athens	shower	11	Brussels	rain	7	Delhi	fair	25
B. Aires	fair	30	Budapest	cloudy	5	Dubai	sun	24
B.ham	cloudy	6	C.hagen	rain	4	Dublin	shower	6
Bangkok	fair	35	Cairo	sun	16	Dubrovnik	shower	13
Barcelona	fair	13	Cape Town	fair	30	Edinburgh	hail	6
Beijing	fair	4	Caracas	fair	26	Faro	sun	17

Frankfurt	fair	4	Malta	[illegible]	13	[illegible]	shower	[illegible]
Geneva	fair	5	Manchester	fair	6	Riyadh	sun	22
Gibraltar	sun	17	Manila	fair	31	[illegible]	fair	[illegible]
Glasgow	sleet	6	Melbourne	rain	25	S. Frsco	sun	[illegible]
Hamburg	shower	5	Mexico City	sun	[illegible]	Seoul	[illegible]	0
Helsinki	cloudy	-9	Miami	fair	30	[illegible]	[illegible]	[illegible]
Hong Kong	cloudy	21	Milan	fair	9	Stockholm	cloudy	-4
Honolulu	fair	27	Montreal	cloudy	-15	Strasbourg	[illegible]	6
Istanbul	fair	5	Moscow	[illegible]	-11	Sydney	fair	31
Jersey	rain	8	Munich	hazy	[illegible]	Tangier	[illegible]	[illegible]
Karachi	sun	28	Nairobi	fair	29	Tel [illegible]	fair	17
Kuwait	fair	19	Naples	shower	13	Tokyo	rain	[illegible]
L. Angeles	sun	19	Nassau	fair	28	Toronto	cloudy	-6
Las Palmas	fair	23	New York	sleet	1	Tunis	rain	13
Lima	cloudy	27	Nice	fair	14	Vancouver	rain	7
Lisbon	sun	14	Nicosia	fair	16	Venice	fair	10
London	rain	8	Oslo	snow	-1	Vienna	shower	6
Lux.bourg	rain	3	Paris	cloudy	7	Warsaw	fair	0
Lyon	hazy	4	Perth	fair	25	Washington	sleet	-4
Madeira	fair	18	Prague	cloudy	5	Wellington	[illegible]	20
Madrid	fair	13	Rangoon	hazy	35	Winnipeg	sun	-18
Majorca	fair	14	Reykjavik	shower	2	Zurich	[illegible]	4

مكتبة من الاصل

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COMPANIES & MARKETS
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IN BRIEF

Stora swings back into the black

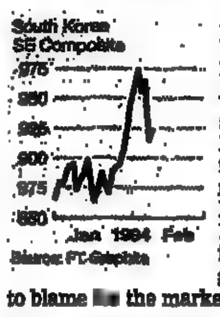
Stora, Europe's biggest forestry group, reported profits of SKr530m ($67m) for 1993, a sharp swing from the SKr1.42bn loss last time. Page [redacted]

Recapitalisation for Crédit Lyonnais
The French government is expected to finalise plans next month for a recapitalisation of Crédit Lyonnais, the state-controlled banking group. Page 19

Futures beat history
Last Friday, in the biggest day in futures industry history, the Chicago [redacted] Exchange turned over 2.5m contracts, exceeding the previous [redacted] by nearly 1m contracts. Page 21

Row brews over tea
Indian tea growers are angry about a government move to import tea into the country for blending with locally-grown tea for re-export. They fear the high-quality image of Indian tea will be dented. Page 28

Seoul on a roll



Source: FT Graphite

Government intervention, helped by the three-day lunar new year's holiday that begins today, has temporarily halted a recent surge in the Seoul bourse. But analysts believe the finance ministry will have no more success in controlling the market than Canute had in turning back the incoming tide. But the government has only itself to blame [redacted] the market's bouyancy. Back [redacted]

Early strategy pays off
Ranbaxy Laboratories, India's second largest drugs company, concentrated on international links 10 years ago. Exports now amount to over 30 per cent of turnover. Page 20

P&O buys two liners
P&O, the shipping, transport and property group, said its US-based subsidiary had placed orders for two superliners. Page [redacted]

3i moves into fund management
[redacted], the UK's largest investment capital [redacted], has raised a fund for investment in continental Europe in a move that takes it for the first time into the business of managing funds for other institutions. Page 24

Vodafone buys into GMC
Vodafone, the largest cellular phone operator in the UK, has paid £29.18m for a one-third stake in General Mobile Communications, the UK's leading independent mobile telephone service provider. Page 25

Granada ups LWT bid
Granada Group, the UK rental, television and leisure group increased its offer for London Weekend Television. Page 18

Reuters pleases investors
Shares in Reuters Holdings rose by 60p to 1971p after the UK-based financial information and news group combined the announcement of a 4-for-1 share split with strong results and a bullish forecast. Page 18

Toyota plummets nearly 50%

By Michiyo Nakamoto in Tokyo

Toyota, Japan's largest carmaker, suffered a 48.7 per cent [redacted] profits in [redacted] months [redacted] of [redacted] in one of the [redacted] business periods [redacted] company's history.

[redacted] profits plunged [redacted] Y88.24bn ($764m), from Y162.34bn, largely [redacted] the adverse impact [redacted] a sharply higher yen.

Operating profits fell by 84 per [redacted] – the [redacted] decline ever suffered by the company. The ratio of operating profits to sales [redacted] 0.25 per cent was also the worst the company had experienced. Sales fell by 13 per cent to Y3,987bn from Y4,564bn, the first decline in turnover for seven [redacted].

Toyota's deteriorating financial performance underlines [redacted] severity [redacted] Japan's economic downturn, the impact of the yen's sharp appreciation against the dollar and the weakness of [redacted] in European [redacted].

[redacted] Japan's leading [redacted] makers, including [redacted] Mazda, [redacted] suffered heavy [redacted] following [redacted] falling [redacted] vehicle demand in the [redacted] market.

Mr Masami Iwasaki, executive vice-chairman, said Toyota had been able to avoid falling into loss mainly through cost-cutting, which had saved Y70bn.

However, [redacted] had been [redacted] wiped [redacted] by foreign exchange fluctuations, [redacted] operating profits by Y100bn. Every Y1 rise in the value of the Japanese currency against the dollar translated into a loss of Y10bn.

While Toyota expects a moderate recovery in Japan in the second half, [redacted] believes weak European demand and the strength of the yen will continue to weigh heavily [redacted] profits.

The [redacted] pre-tax profits [redacted] down [redacted] previously on [redacted] of Y8,100bn against Y10,210bn. [redacted] is [redacted] previous [redacted] of Y8,700bn [redacted] in August, although [redacted] pre-tax forecast [redacted] unchanged.

Capital expenditure will [redacted] lowered [redacted] from [redacted] previously [redacted] and [redacted] cutting [redacted] will continue.

Mr Iwasaki said Toyota had no plans to [redacted] production [redacted] – even though its [redacted] output [redacted] expected to [redacted] about [redacted] units, compared with [redacted] peak of 4.2m.

Production adjustments had already [redacted] made by cutting overtime and reducing [redacted] force by 2,000, mainly through natural attrition.

Sears, Roebuck achieves record earnings for year

By Laurie Morse in [redacted]

Sears, Roebuck, [redacted] US's third-largest [redacted] and [redacted] majority [redacted] in [redacted] Insurance, reported [redacted] earnings [redacted] disappointed [redacted] with [redacted] in [redacted] quarter. By midday yesterday [redacted] $48⅞.

After [redacted] in 1992, Sears restructured [redacted] brokerage business, [redacted] Reynolds, [redacted] unit, [redacted] portion of [redacted] ownership in [redacted] posted fourth-quarter [redacted] from continuing operations, excluding special items, of $544.6m or $1.39 per share, compared [redacted] or $1.29 per [redacted] in [redacted] quarter [redacted]

[redacted] dipped [redacted] $14.7bn in [redacted] quarter, [redacted] $15bn. However, Sears said revenues from continuing operations were up [redacted] per cent over last year's fourth quarter.

For the year, Sears had income [redacted] continuing operations before special items of $1.70bn or [redacted] per share, compared [redacted] $1.03bn or $2.78 per share in 1992. Sears last had record earnings in [redacted] income [redacted] $1.63bn. Revenues fell to $50.8bn, from $52.3bn last year. However, Sears said revenues from continuing operations were up 6.5 per cent from 1992. When special items, including a $635.1m gain on the sale of Allstate and $76m in tax benefits during 1993 and losses from insurance claims linked to Hurricane Andrew and restructuring charges in 1992 are considered, Sears had net income of $2.37bn in 1993, compared with losses of $3.93bn in 1992.

Mr Edward Brennan, Sears' chairman, said restructuring saved the company $200m in corporate expenses in 1993, mainly due to lower interest expenses.

"[redacted] we are very pleased with the success of the dramatic actions in 1993, we are most excited about the operating performance of our cour merchandising and insurance businesses, the foundation of the new Sears," Mr Brennan said.

[redacted] Group's earnings rose to $751.6m during 1993, from $451.7m, before special charges [redacted] year. Allstate had net income of $1.16bn in 1993, and $207.5m [redacted] the fourth quarter, compared with a loss of [redacted] in 1992 and [redacted] loss of $138.9m in 1992's fourth quarter.

GKN lifts Westland stake to 47% and launches hostile bid

By Tim Burt

GKN, the UK engineering and industrial services group, yesterday launched a hostile £496m ($744m) takeover bid for Westland, the helicopter manufacturer at the centre of a British government crisis eight years ago.

The bid was announced after GKN agreed to acquire for £75m cash the 18.7 per cent Westland stake held by United Technologies (UTC), the US parent of Sikorsky helicopters. When the UTC holding is added to GKN's existing 28.3 per cent stake, GKN will control 47 per cent of the ordinary and convertible shares.

GKN has offered Westland shareholders 290p per ordinary share in cash or loan notes with a partial share alternative, representing a discount on Westland's 307p closing price yesterday. The group said the bid would be partly funded by a 1-for-5 rights issue of non-interest bearing convertible loan stock at 490p each, which would raise £248m.

Sir Leslie Fletcher, Westland chairman, was informed of the move in a dawn telephone call yesterday from Sir David Lees, his GKN counterpart. Westland responded coolly yesterday, calling GKN's overture an "unwelcome offer". It advised shareholders to take no action before it had discussed the offer with Schroders, its financial advisers.

The deal would transform GKN – which already manufactures light armoured vehicles – from a group dominated by [redacted] components and industrial services into a company in which military sales accounted for the bulk of turnover.

Sir David warned that GKN's pre-tax profits were expected to decline by more than 20 per cent to £97m in the year ended last December 31. He blamed the downturn on weak European demand for vehicle components, £20m in redundancy and reorganisation costs and a further £11m exceptional charge covering the closure of plants run by UES, its jointly owned steel subsidiary.

Lex, Page 16; Swoop for a tempting morsel, Page 15

John Sculley's sorry foray

Mr John Sculley, former chairman and chief executive of Apple Computer, [redacted] claimed he [redacted] duped into joining Spectrum Information Technologies, and has filed a suit against Spectrum's president, Mr Peter Caserta. Mr Sculley alleges that Mr Caserta's "short-term goal was to reap huge profits by selling large blocks of Spectrum stock driven up in value by the public announcement that Sculley had joined the company". Spectrum said Mr Sculley was "fully aware" of the company's problems and he has disregarded his responsibility to [redacted] Spectrum's shares lost 60 per cent of their [redacted] on Monday. Sculley's gem, Page 19

Sheraton trumps Forte bid for Ciga

By Haig Simonian in Milan and Michael Skapinker in London

Sheraton, the international hotels [redacted] by ITT [redacted] last night emerged [redacted] surprise buyer of Ciga, the troubled luxury hotels chain controlled by [redacted] Aga Khan.

Sherton's offer of about L900bn [redacted] easily topped the [redacted] bid from Forte, [redacted] UK hotel and restaurant chain, which had for [redacted] time been [redacted] the front runner. Forte said [redacted] was asked [redacted] Monday if [redacted] could match Sheraton's offer but decided it would [redacted] so.

[redacted] of Sheraton's [redacted]posal emerged officially, amid surprise among Italian bankers that the group had been prepared [redacted] make such [redacted] high offer for the loss-making [redacted] without looking closely at [redacted] books. But the offer [redacted] believed to involve a L940bn [redacted] – corresponding to Ciga's outstanding short-term bank indebtedness, to be underwritten by its creditor banks.

Assuming they obtain at least 50.1 per cent of the shares, Sheraton would then launch a public [redacted] priced [redacted] between L720 and L740 a [redacted] for [redacted] banks' stake and any remaining shares floating on the market.

That would allow the banks to escape with a loss of about 25-28 per cent on their Ciga loans, considerably better than any alternative proposals. Sheraton's proposal would also mean removing from the Ciga creditors any responsibility in the complex legal action under way between the Aga Khan and lenders to Fimpar, his quoted holding company, which controls Ciga.

Ciga troubles stem mainly from its high debts, which now exceed L1,000bn, and the recession, which has sliced demand for five star hotel accommodation. The group has also suffered from an imbalanced portfolio of hotels, with too many properties bunched in the same cities.

Attempts to remedy ma[redacted] by selling some properties where it [redacted] over-represented coincided with the recession, and failed to attract buyers at the price levels [redacted] expected.

Forte's revised proposal had been made in tandem with the Quantum Fund, controlled by Mr George Soros, the US investor. Forte was to provide £33m and the Quantum Fund [redacted] The balance was to have been made up with deferred [redacted] over the next two to three years.

Barry Riley

The ups and downs of interest rates

They do it not by halves but quarters these days, it seems. The Bank of England yesterday dropped into a rare quarter-point mode when it prompted a fall in bank base rates to 5¼ per cent, countering the US Federal Reserve's upward nudge of the federal funds rate to 3¼ per cent.

There is a strong whiff of compromise about the Bank's failure to go straight to 5 per cent. The London markets responded positively to begin with, but in fact the change could be viewed negatively – as implying that the low point for short-term interest rates this cycle may be quite close.

Meanwhile, eat your hearts out, efficient market hypothesisers. It was widely anticipated that the US Federal Reserve was about to raise short-term interest rates by a quarter or half-point. Yet when the [redacted] came, [redacted] world's [redacted] markets suffered [redacted] minor panic. So much [redacted] ability [redacted] changes smoothly.

True, [redacted] is possible [redacted] argue that all we have seen in the past two or three days is over-active marketmakers chasing shadows. Real money does not appear to [redacted] and indeed the London stock market had almost fully recovered at one stage yesterday before tailing off again. It [redacted] worrying, though, that the [redacted] Treasury long [redacted] yield should have drifted higher, because this above all is where a tightening might have been viewed positively.

What could justify the jitters? In equities one widely expressed concern is that there is an unusually large quantity of amateur money riding the bull market. Some $280bn of net new money cascaded into US stock and bond mutual funds last year, and spilled over into emerging markets, while household bank deposits fell.

Yet as a paper from the doggedly bullish Goldman Sachs argued last week, private investors are actually rather slow to react to interest rate changes, the usual time lag being at least a year. One might add that a mere quarter-point change would surely scarcely register [redacted] the punters' consciousness.

Sophisticated investors may [redacted] trying to run ahead of the anticipated panic

The real issue here, though, is that a lot of sophisticated investors may be trying to run ahead of the anticipated panic of the herd. So there may be several minor attempted sell-offs before the retail investors finally get the message.

A possibly more important theme is that there may be an unusually large amount of speculation propping up the securities markets, and more specifically a dependence upon money borrowed at low interest rates. This has been a particular feature of the US bond market, where the banks have been encouraged by [redacted] solvency-restoring profits along an exceptionally steep yield curve. In the UK too, last week's banking figures showed a sharp jump in lending to the financial sector during the final quarter of 1993.

Even the doziest players in the US Treasury market have now been given formal notice that they must unwind their positions (though most have been already shifting their strategy for several months now). The quarter-point hike is only a starter, and although the spreads along the yield curve have changed little, they could be dwarfed by potential capital losses. To take the extreme case, the price of the benchmark long bond has dropped by 8 full points since it peaked in October, rather nasty if you are leveraged (though the banks are focused less ambitiously around the five-y[redacted] dates).

The burden of financing the US fiscal deficit will therefore shift from the banking system to other domestic and international investors. This explains the upward drift in bond interest rates.

There are also the unknown hazards of derivatives. The extraordinary profits earned by some of the players last year gave *prima facie* indications of large discontinuities in the markets. A change of trend could be difficult to handle.

But now the action is switching to the foreign exchange markets. After a year when many currencies slumbered and the army of dollar bulls grew staler and staler, the markets are now faced with the long-awaited relative rate shift as the US raises and Europe continues down.

But we wait to see whether the Bundesbank, having preferred for some weeks to be a wallflower, will join this interest rate tango.

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko	[redacted]	+	60
Deutsche Bank	814	+	[redacted]
Dresdner Bank	415.5	[redacted]	[redacted]
Karstadt	[redacted]	+	12
Leifheit	750	+	15
Thyssen	252	+	7.4

NEW YORK ($)			
Rises			
Allied Signal	77⅝	+	1⅛
America Online	74	+	[redacted]
[redacted]	[redacted]	+	[redacted]
[redacted]	58⅜	–	[redacted]
Schering-Plough	[redacted]	–	[redacted]
Sears	48⅝	–	2⅛

New York prices at 12:30.

PARIS (FFr)			
Rises			
BNP	282	+	[redacted]
Intertechnique	652	+	[redacted]
[redacted]	[redacted]	+	[redacted]
Roussel-Uclaf	724	+	[redacted]
Sagem	3085	+	1[redacted]
[redacted]	346	+	[redacted]

TOKYO (Yen)			
Rises			
Brother Ind	524	+	35
Central Finance	518	+	[redacted]
Dai Nippn Toryo	430	+	38
[redacted]	6850	+	350
[redacted]	428	+	35
[redacted]	[redacted]	+	44

LONDON (Pence)			
Rises			
AAF	[redacted]	+	10
Barratt Dev	288	+	12
Comp Fin Sol	158	+	25
Freeman Grp	242	+	22
Grosvenor Inns	183	+	12
Hambros C'wide	88	+	4
Kewill Systems	294	+	21
LWT	[redacted]	+	[redacted]
P & P	88	+	4
RTZ	[redacted]	+	[redacted]
Reuters	1971	+	[redacted]
Rothmans Uts	462	+	19
Sheffield Insul	[redacted]	+	18
Stakis	92½	+	[redacted]
Storehouse	235	+	12
Union Discount	189	+	6
Wilkes (J)	[redacted]	+	28
Yorks-Tyne TV	286	+	26
Falls			
Eurotunnel Uts	575	–	[redacted]
Pentos	[redacted]	–	3
Royal Doulton	273	–	10

Cost cuts, weak krona help Stora return to the black

By Christopher Brown-Humes in Stockholm

Stora, Europe's [redacted] forestry group, yesterday reported prof[redacted] of SKr530m [redacted] for [redacted], [redacted] sharp swing from the SKr1.42bn [redacted] earlier.

The company benefited from cost-cutting, the [redacted] Swedish krona, and a strong performance from its financial arm. It was able [redacted] production and deliveries, [redacted] though market conditions remained weak and [redacted] currency pulp and [redacted] prices were below [redacted] levels. The dividend [redacted] maintained [redacted] per share. The [redacted] krona helped lift [redacted] to SKr49.8bn, up 4.4 per cent.

[redacted] reductions [redacted] more than [redacted] a hefty one-off gain [redacted] the [redacted] convertibles helped lift operating income [redacted] SKr1.38bn from SKr401m. The improvement would have been greater but [redacted] production [redacted] in hard currency European countries, particularly Germany.

The improved overall [redacted] owed much to [redacted] sharp drop in financial [redacted] to [redacted] from [redacted]. [redacted] Financial [redacted] profits [redacted] SKr802m from SKr279m.

In the fourth quarter, [redacted] achieved [redacted] profit, turning round a [redacted] deficit in the same 1992 period. The result benefited from some higher prices, indicating the market had [redacted].

This [redacted] optimism about prospects in [redacted].

[redacted] said it had [redacted] terms to [redacted] Tarkett, [redacted] international flooring [redacted], [redacted] CWB Capital Partners, [redacted] Lon[redacted] acquisition fund, for [redacted]. The [redacted] will book [redacted] pre-tax capital gain on [redacted] deal, [redacted] included in its [redacted] figures.

[redacted] climbed SKr7 [redacted] SKr462 [redacted] its better-than-expected performance.

Reuters lifts profits by 15% and splits shares

By Andrew Bolger in London

[redacted] in [redacted] Holdings, the UK-based [redacted] news [redacted], rose by 60p to 1,971p after it combined the [redacted] 4-for-1 [redacted] split [redacted] strong [redacted] and a [redacted] for [redacted] growth.

[redacted] (S666m) in [redacted] 31, [redacted] by 20 per [redacted] to £1.87bn. [redacted] currency changes [redacted] stripped out, [redacted] growth [redacted] per [redacted] 10 [redacted] cent [redacted] half.

Mr Peter Job, chief executive, said: "We are maintaining price stability [redacted] year running, barring some upward [redacted] adjust[redacted] currency [redacted]."

Under [redacted] split, [redacted] nary [redacted] will be [redacted] Depositary [redacted] will be [redacted] of three. Subject [redacted] share[redacted] approval, dealing will [redacted] April [redacted].

[redacted] 72p from [redacted] FRS 3, [redacted] previous year's figure [redacted] an extraordinary [redacted] charge [redacted]. Adjusting for that, earnings [redacted] by 16 per [redacted]. A final [redacted] 19.8p [redacted] total by 23 [redacted] 26p.

Details, Page 24; Lex, Page [redacted]

Granada raises offer for LWT

By Raymond Snoddy in London

Granada Group, [redacted] rental, television [redacted] leisure group, yesterday increased its [redacted] for London [redacted] Television to about £776m ($1.2bn), or 750p a share.

It came after talks between [redacted] sides [redacted] on Monday evening. The offer is [redacted] on 13 new Granada shares and 100p in cash for every 10 LWT shares – compared with the original six for five all-share offer.

Lex, Page [redacted]

Anheuser-Busch stable in fourth term

By Richard Tomkins in New York

Anheuser-Busch, [redacted] biggest US [redacted], yesterday [redacted] the end of a lacklustre year by reporting [redacted] income of $166.8m for the fourth quarter, little changed from the $161.6m reported [redacted] time.

For the full year, it reported net income [redacted] from $917.5m, but the latest figure included the [redacted] pre-tax restructuring charge of $565m in the third quarter. If all unusual charges were stripped out, [redacted] company said, [redacted] figures would [redacted] $994.2m.

Budweiser, Anheuser-[redacted] brand, [redacted] seen declining [redacted] in [redacted].

The [redacted] suffering from widespread price discounting by competing brewers. But [redacted] products such [redacted] Budweiser Lite helped maintain [redacted] cent [redacted] all US [redacted] in 1993.

The [redacted] growth [redacted] by [redacted] economic recovery in important selling [redacted] US [redacted] discounting.

In spite [redacted] this, it [redacted] a record 87.3m barrels [redacted] beer in 1993, [redacted] per [redacted] over [redacted] previous year.

[redacted] to [redacted] from [redacted] for [redacted] full year. Earnings [redacted] share, fully diluted, fell to [redacted] but [redacted] said they [redacted] have [redacted] to [redacted] from [redacted] without the [redacted] of unusual charges.

For the quarter, [redacted] rose [redacted] from $3.12bn while earnings [redacted] 62 [redacted] from 58 cents. Mr August A. Busch III, chairman and president, said [redacted] company [redacted] pleased with [redacted] performance of its premium beer brands in 1993, considering the competitive conditions in the [redacted] industry.

"Budweiser continues to dominate [redacted] all demographic segments. Bud [redacted] had another excellent year [redacted] 1993 [redacted] double-digit growth. Bud Light continues to outpace its major competition, and we [redacted] the brand [redacted] well positioned to [redacted] leading light beer brand in [redacted] US."

US brewer woos Czech bride-to-be

Patrick Blum reports on Anheuser-Busch's courtship of Budejovicky Budvar

Anheuser-Busch, the world's largest brewer, has come a step closer to winning the bride it always wanted – Budejovicky Budvar, Czech brewers of the famous Budweiser [redacted] kept apart by [redacted] and [redacted] long [redacted] bitter trademark dispute.

The US company's courtship was made official last month with a Czech government announcement that Anheuser-Busch had been selected as exclusive negotiating partner for the sale of a minority stake in Budvar.

The Czech company makes what many consider the best Czech beer, and one of the world's top quality brands. Since the overthrow of communism in 1989, and Prague's privatisation of state companies, more than 30 brewers including leading European groups have showed an interest in taking [redacted] stake in Budvar.

[redacted] US company, which claims a 9 per cent share of the world beer market, is hoping to buy up to 34 per cent of the Czech brewer. Mr Jack Purnell, Anheuser-Busch International (ABI) chairman and chief executive, said: "We've had a very promising first session [of talks] with the government."

If negotiations succeed, ABI, the international arm of Anheuser-Busch, will have won one of the most famous Czech corporate names. Decades of legal feuding over the use of the Budweiser trademark will come to an end.

Budweiser, or Budejovicky in Czech, was chosen as the name [redacted] by Adolphus Busch, [redacted] company's [redacted] more [redacted] century ago. Later, the use of the same brand name brought the Czech [redacted] conflict, [redacted] agreements in 1911 and 1939 only partially resolving the dispute which has limited the two companies' access to foreign markets. The American Budweiser can only be sold under the name of Bud in large parts of Europe, [redacted] sell [redacted] beer [redacted] and central America.

Mr Purnell [redacted] negotiations would [redacted] simultaneously with [redacted] dispute [redacted] purchase of a [redacted] in Budvar.

[redacted] ABI has rapidly expanded [redacted] outside [redacted] US [redacted] partnerships in Japan, Britain, Italy, Canada, [redacted] and [redacted] it bought [redacted] 17.7 [redacted] in Grupo Modelo, Mexico's largest brewer for $477m, and a [redacted] per [redacted] in Tsingtao Brewery, [redacted] largest brewer, [redacted] $16.4m. In [redacted] Anheuser-Busch [redacted] reached [redacted].

The Budvar brewery is small, producing [redacted] representing about 3 [redacted] production in 1992. But with exports [redacted] representing [redacted] exports, [redacted] country's leading [redacted] exporter.

With [redacted] and a [redacted] mark agreement, ABI could [redacted] penetration [redacted] European [redacted] on [redacted] by [redacted] its own [redacted] obstacles, [redacted] building up [redacted] share [redacted] among [redacted].

The products would [redacted] compete. [redacted] a distinctively fresh [redacted] attractive [redacted] another [redacted] profile. [Drinkers [redacted] each] tend not [redacted] be the same people. The brands don't conflict with one another at all," Mr Purnell said.

[redacted] Budvar will be swallowed up by ABI, which [redacted] expand [redacted] own brands. Others [redacted] should remain [redacted] Czech hands. The Czech republic has the world's highest per capita beer consumption. Beer drinking is a popular custom cutting across classes, and the [redacted] proud [redacted] local [redacted].

So [redacted] through. "Well, [redacted] haven't [redacted] brought to [redacted] standstill [redacted] by it, and both [redacted] [from a deal]. We've [redacted] persistent and peaceful, but the [redacted] problem is some bad perceptions of our company," Mr Purnell said.

ABI has been wooing the Czech public and government stressing the company's record as an employer and its philanthropic works with donations [redacted] School in Prague, [redacted] the south Bohemian University in Ceske Budejovice, along with scholarships [redacted] training grants.

In full-page advertisements in the Czech press, ABI argued [redacted] secure [redacted] future. The Czech [redacted] become the centre [redacted] ABI's European beer operations. ABI would [redacted] in breweries in [redacted] if the government merged them. [redacted] never be changed," stressed Mr Purnell.

Bran und Brunen, a leading German brewing and soft drink [redacted]y, has taken a 25 per cent share in Okocim, a listed Polish brewery with about 8 per cent market share and a high profile brand name, [redacted] Christopher [redacted] in Warsaw.

Okocim was told [redacted] Bran and Brunen of the share purchase last week. The news surprised the industry which has seen the government barring foreign investors from brewing privatisations.

Changes in Poland's securities laws which come into force next week bring the point at which share purchases have to be referred to the securities commission and the anti-monopoly board down from 33 per cent to 25 per cent. [redacted] purchase of 33 per cent [redacted] trigger a mandatory bid for Okocim's remaining equity.

However, Bran and Brunen has said it did not intend to increase its share above the 25 per cent which cost the German company an estimated $20m.

Peugeot sales fall 6.2% to FFr145.4bn

By John Ridding in Paris

PSA Peugeot Citroën, [redacted] yesterday announced [redacted] FFr145.4bn ($24.6bn) last year, [redacted] fall of [redacted] per cent compared with [redacted].

The company [redacted] performance demonstrated resis[redacted] sharp [redacted] in [redacted] European [redacted] market, which [redacted] by 15.1 per [redacted] last [redacted], and [redacted] strong final quarter.

During [redacted] October-December period, Peugeot-Citroën [redacted] 13.1 [redacted] share [redacted] European market, compared with 12.3 [redacted] the [redacted] as a whole.

Just [redacted] FFr81.5bn [redacted] the group's total [redacted] came from [redacted] French market, [redacted] of 5.9 [redacted] cent. [redacted] and [redacted] Europe, [redacted] figure [redacted] FFr71.1bn, [redacted] decline [redacted] 9.2 per cent.

■ Union [redacted], the state-owned insurance group slated [redacted] privatisation, yesterday announced consolidated [redacted] of [redacted] last [redacted] of 11.6 per cent compared [redacted] 1992.

The strongest growth [redacted] achieved in [redacted] markets, [redacted] rose by 15 per [redacted] FFr79.4bn. In France, [redacted] by 7.3 per cent [redacted] FFr61.1bn.

Schering lifts payout despite fall in profits

By Judy Dempsey in Berlin

Group profits for Schering, Germany's pharmaceutical [redacted] agrochemical group, [redacted] fell [redacted] per [redacted] to [redacted] ($149.4m) [redacted] in [redacted] to DM5.36bn.

In spite of [redacted] fall in profits, [redacted] increased [redacted] dividend [redacted] from [redacted] in 1992.

Schering [redacted] growth [redacted] divided evenly [redacted] volume and [redacted] of fluctuations in [redacted] exchange rates. Pharmaceuti[redacted] rose [redacted] per cent, widening [redacted] of [redacted] group sales to 77 per cent from [redacted] per cent.

[redacted] group expects [redacted] lift [redacted] earnings [redacted] through [redacted], a drug [redacted] multiple [redacted] patients. [redacted] drug, [redacted] year, [redacted] DM7m, although [redacted] group [redacted] expected [redacted] turn[redacted] of about DM30m, rising [redacted] year.

Schering [redacted] under[redacted] heavy restructuring following [redacted] merger of [redacted] in a bid [redacted] core pharmaceutical [redacted].

The [redacted] is expected to produce an annual turnover of DM3bn, making [redacted] world's second-largest [redacted] in [redacted]. Hoechst [redacted] 60 [redacted] and Schering [redacted] rest.

Degussa [redacted] further gains after strong term

By David Waller in Frankfurt

Degussa, the Frankfurt-based metals and chemicals [redacted] which has recently completed [redacted] bulk of [redacted] yesterday reported group earnings up 25 [redacted] for [redacted] three [redacted] ber. It predicted [redacted] gains for the [redacted] of the financial year [redacted] September.

First-quarter pre-tax profits [redacted] by [redacted] quarter [redacted] DM60m [redacted] up [redacted] per [redacted] to [redacted], due mainly [redacted] large increase in earnings from [redacted] chemicals division which benefited from rationalisation and improved demand.

● KWU, the power-generation and distribution arm of [redacted] mens [redacted] and electri[redacted] increased turnover by [redacted] in the [redacted] to September.

Pfizer shares tumble after profits warning

By Richard Waters in New York

Shares in Pfizer, until recently the [illegible] highest-flying drugs [illegible], tumbled again [illegible]terday as [illegible] company [illegible] a [illegible] [illegible] warning for the current quarter.

It also down played the most optimistic [illegible] of earn[illegible] growth [illegible] the [illegible] as a whole.

Yesterday's comments, [illegible] at an analysts' meeting in New York, [illegible] dented [illegible] [illegible] price of other [illegible] drug [illegible]nies, [illegible] investors marked down their expectations of growth in [illegible] [illegible] [illegible] a whole.

Pfizer [illegible] disappointed the market three [illegible] [illegible] when it reported [illegible] sharp [illegible] in [illegible] growth in [illegible] final months of [illegible], [illegible] [illegible] [illegible] [illegible]. With a [illegible] [illegible] new pharma[illegible] launched [illegible] [illegible], Pfizer [illegible] been expected to do [illegible] than [illegible] rivals in resisting the [illegible] of price pres[illegible] in drugs markets around [illegible] world.

Pfizer's [illegible] dropped [illegible] to [illegible] yesterday. They [illegible] fallen 15 per [illegible] [illegible] [illegible] past three [illegible], wiping [illegible] [illegible] the company's [illegible] [illegible] value.

Yesterday, the [illegible] [illegible] first-quarter results would be "[illegible] tempered" by [illegible] effects [illegible] foreign exchange adjustments [illegible] higher [illegible] costs. Also, although it [illegible] [illegible] growth [illegible] be in "the [illegible] double digits" this [illegible], it added that there would [illegible] no immediate [illegible] [illegible] [illegible] [illegible] [illegible] final quar[illegible] of 1993.

That had been caused in part by [illegible] reduction in inventory [illegible] by drug wholesalers, but there was no indication inventory [illegible] [illegible] [illegible] again, [illegible] [illegible].

The company [illegible] [illegible] it expected earnings per share for [illegible] to [illegible] within market expectations of \$4.10-\$4.25, although it [illegible] [illegible] [illegible] unlikely to [illegible] [illegible] [illegible] end of [illegible] [illegible].

Mr William Steere, [illegible] and chief executive, predicted improvements in operating profit margins [illegible] 1.5 [illegible] [illegible] [illegible] year, [illegible] [illegible] [illegible] cent in [illegible] [illegible] [illegible] [illegible] [illegible] years.

Sculley claims his technology 'gem' was flawed

Louise Kehoe reports on the former Apple chief's resignation from Spectrum and subsequent lawsuit

By resigning as chairman [illegible] [illegible] executive of Spectrum Information Technologies, [illegible] John Sculley fulfilled [illegible] predictions [illegible] [illegible] in the computer industry, who [illegible] [illegible] decision [illegible] jointhe small [illegible] [illegible] [illegible] [illegible] Octo[illegible] [illegible] hasty.

After just [illegible] [illegible] [illegible] Spectrum, [illegible] abruptly resigned on Monday [illegible] filed [illegible] lawsuit [illegible] Mr Peter Caserta, Spectrum president [illegible] former chief executive, alleging [illegible] [illegible] [illegible] him [illegible] Spectrum [illegible] "fraudulent misrepresen[illegible] [illegible] omissions".

[illegible] [illegible] [illegible] alleges a plot by Mr Caserta [illegible] [illegible] profits [illegible] [illegible] [illegible] [illegible] Mr Sculley's hiring [illegible] Spectrum stock soaring.

Mr Sculley is seeking [illegible] [illegible] [illegible] in damages, noting [illegible] reputation [illegible] clearly [illegible] [illegible] by [illegible] events [illegible] the past four months. The question remains, [illegible], how Mr Sculley, [illegible] prominent [illegible] [illegible]ness leader, [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] Apple Computer, [illegible] former Pepsi executive, could find himself in [illegible] [illegible] position.

Industry analysts [illegible] he [illegible] [illegible] [illegible] by [illegible] technology that his business judgment evaporated.

[illegible] Apple, Mr Sculley became [illegible] enamoured [illegible] the potential of Newton, Apple's hand[illegible] personal [illegible] assistant, that he appeared to loose touch [illegible] [illegible] company's core per[illegible] computer business, [illegible]ics charged.

However, he believed that in Spectrum he had found [illegible] [illegible]nology "gem"; a company [illegible] key patents covering [illegible]ogy for linking computers to cellular telephones to enable wireless [illegible] [illegible].

Yet [illegible] 10-year-old [illegible], [illegible] 1993 revenues of just under \$100m, has never returned [illegible] profit and [illegible] [illegible] history of aggressive self-promotion, legal disputes with competitors [illegible] problems [illegible] regulators.

Mr Sculley "could have had [illegible] pick of jobs [illegible] the [illegible]try" [illegible] he left Apple [illegible] year, said one former colleague.

But [illegible] Sculley [illegible] [illegible] had "caught the Silicon Valley entrepreneurial bug". He saw Spectrum an an opportunity to build a company, and talked of plans to [illegible] it [illegible] [illegible] [illegible]nised as Intel, the world's larg[illegible] [illegible] [illegible] or Microsoft, [illegible] personal computer software leader.

[illegible] [illegible] own admission, he "stumbled on [illegible] Spectrum". He was entranced by a demonstration of [illegible] company's [illegible] [illegible] staged by Mr Caserta, [illegible] Mr Sculley's Connecticut home. Initially, according [illegible] [illegible] Sculley [illegible] [illegible] Caserta, Spectrum's [illegible] [illegible] in licensing [illegible] technology [illegible] Apple Computer.

"I [illegible] [illegible] [illegible] negotiations about joining [illegible] [illegible] anything [illegible] until [illegible] I [illegible]rated from Apple," [illegible] Sculley said in October.

Immediately [illegible] [illegible] resignation [illegible] Apple, however, Mr Sculley [illegible] overnight from California [illegible] [illegible] [illegible] and [illegible] [illegible] [illegible] Mr [illegible] [illegible] joining Spectrum. Then [illegible] [illegible] [illegible] [illegible] Sculley described as "the most grueling of my life".

Working day and night, with [illegible] [illegible] [illegible] engineers and patent attorneys [illegible] hired [illegible] [illegible] Spectrum's technology, [illegible] Sculley [illegible] [illegible] [illegible] employ[illegible] agreement [illegible] Spec[illegible]. On [illegible] following Mon[illegible] morning [illegible] announced he [illegible] joining [illegible] [illegible].

"Of course, I did my own due diligence [illegible] I joined up," Mr Sculley [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] focused almost entirely on Spectrum's [illegible] and [illegible] validity [illegible] [illegible] patents, [illegible] spokesman for Mr Sculley said [illegible] week.

[illegible] Sculley [illegible] he [illegible] not know, when he joined Spectrum, that it [illegible] under investigation by the Securities and Exchange Commission. Neither [illegible] he [illegible] Spectrum had [illegible] questionable accounting practices - booking [illegible] from licensing agreements [illegible] advance [illegible] receiving payments.

Spectrum asserts, however, Mr Sculley [illegible] "fully [illegible] of [illegible] [illegible] [illegible] he [illegible] [illegible] [illegible] his reasons [illegible] departing" both before and during his [illegible] [illegible] Spectrum.

On Monday, the company restated [illegible] earnings to deduct [illegible] from [illegible] and third-quarter revenues. The same amount will [illegible] added in subsequent periods, the company's [illegible] [illegible] said.

Whether or not Mr Sculley was told [illegible] Spectrum's current problems, it seems [illegible] company's past dealings should have alerted him. While Mr Sculley says he was not [illegible] [illegible] [illegible] [illegible] probe, he [illegible] know that Spectrum [illegible] facing related [illegible] [illegible] when [illegible] joined the company.

The SEC's investigation of Spectrum [illegible] [illegible] [illegible] focus [illegible] an episode [illegible] year, when Mr Caserta announced the [illegible] expected "tens of millions [illegible] dollars" in [illegible] royalties from [illegible] new licensing agreement [illegible] AT&T. Spectrum's stock price soared, then crashed [illegible] next day when AT&T challenged Spectrum's claim and [illegible] [illegible] expected royalty payments to be much lower.

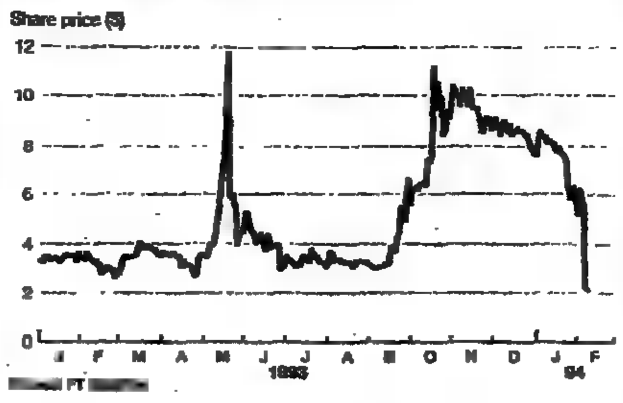
Spectrum [illegible] a reputation for aggressive promotion. Its former chairman, Mr Dana Verrill and [illegible] former board-member, Mr [illegible] Morgan, had appeared [illegible] television "infomertials" touting the company.

In [illegible] the National Association of Securities Dealers removed Spectrum from [illegible] listings when [illegible] capital fell below required minimums. The company [illegible] [illegible] in [illegible] after a stock offering.

It has also had to restate its earnings in the past, due [illegible] accounting problems. Last May it made an adjustment [illegible] "correction [illegible] inaccurate accruals of certain items [illegible] income (in 1992)".

However, industry analysts [illegible] Mr Sculley had minimised the damage by his quick departure. Numerous technology companies will still [illegible] vying for Mr Sculley's attention, predicted [illegible] analyst, "but perhaps he will be more [illegible]tious in choosing [illegible] next position".

Spectrum Information Technologies



Source: FT [illegible]

AlliedSignal posts 29% rise in income

By Martin Dickson in New York

AlliedSignal, [illegible] US high technology [illegible], yesterday underscored its sharply improved performance with [illegible] [illegible] [illegible] [illegible] [illegible] in fourth-quarter net income, a stock split and [illegible] [illegible] per cent dividend increase.

[illegible] share price [illegible] profits have soared since Mr Lawrence Bossidy, formerly [illegible] General Electric, took over as chairman in 1991 and began [illegible] wholesale restructuring.

AlliedSignal reported earn[illegible] of \$178m, [illegible] \$1.25 a share, up from \$138m, or 98 cents, in the same period [illegible] last [illegible]. Sales rose from [illegible] to [illegible] and the operating margin rose from [illegible] per cent to 7.5 per cent.

[illegible] [illegible] [illegible] [illegible] [illegible] [illegible] per [illegible] [illegible] the [illegible] [illegible] [illegible] [illegible] is making a 2-for-1 [illegible] split, and making [illegible] [illegible] [illegible] for [illegible] by redeeming a [illegible] purchase scheme, or poi[illegible] pill, set up to guard against a hostile takeover.

Shareholders will get a special [illegible] cents a share payment in [illegible] [illegible] [illegible] first-quarter dividend of 29 cents. The company also plans to increase the dividend to 33¾ cents a pre-split [illegible] from the [illegible] quarter.

For the full [illegible], the group reported net income of \$411m, [illegible] \$2.90, against [illegible] [illegible] [illegible] \$712m, or [illegible], after [illegible]ing changes.

French bank close to shake-up

By Alice Rawsthorn in Paris

The French government [illegible] expected to [illegible] plans by [illegible] [illegible] of [illegible] [illegible] [illegible] a FFr3bn to [illegible] (\$508m-[illegible]) recapitalisation [illegible] [illegible] Lyonnais, [illegible] [illegible]trolled banking group.

[illegible] Jean Peyrelevade, [illegible] [illegible] [illegible] [illegible] appointed [illegible]man of Crédit Lyonnais with a [illegible] [illegible] [illegible] [illegible] [illegible] following the aggressive expan[illegible] [illegible] pursued [illegible] Mr [illegible] Yves [illegible], [illegible] predecessor, has for months been in discussions with the economy ministry over the recapitalisa[illegible].

Crédit Lyonnais [illegible] [illegible] [illegible] on a report in yesterday's Les Echos, the [illegible] [illegible] newspaper, [illegible] [illegible] recapitalisation would be completed [illegible] [illegible] [illegible]ment of its 1993 results in late [illegible]. However, government [illegible] [illegible] that it [illegible] [illegible] [illegible] over the next few weeks.

The recapitalisation follows [illegible] of uncertainty for [illegible] Lyonnais, [illegible] [illegible] [illegible] clouded by controversy [illegible] [illegible] [illegible] [illegible] by Mr [illegible] loans policy. It fell into [illegible] net loss of FFr1.8bn in 1992 and made a net deficit of FFr1.05bn for the first half of [illegible] [illegible] its capital ratio slipped [illegible] only [illegible] [illegible] the legal minimum of 8 per cent.

Mr Peyrelevade is expected to make further hefty provisions [illegible] 1993 to [illegible] up the balance [illegible] [illegible] preparation [illegible] Crédit Lyonnais's privatisa[illegible]. Analysts suspect that this would [illegible] the capital ratio [illegible] the [illegible].

[illegible] [illegible] [illegible] 1993 could be FFr3bn to FFr4bn "which suggests [illegible] [illegible] Lyonnais will [illegible] a capital injection [illegible] [illegible] [illegible] order", [illegible] Mr Stephane Arrouays, European banking analyst [illegible] [illegible] [illegible].

The French government, under fire from [illegible] European [illegible] over [illegible] latest [illegible] recapitalisation plan for the Bull computer [illegible]pany, is thought to be anxious [illegible] restrict [illegible] [illegible] capital injection into Crédit Lyonnais to under FFr4bn.

[illegible] options include accelerating Crédit Lyonnais's asset sales and floating off FFr25bn to FFr28bn of its property in a newly-formed state-controlled company.

A [illegible] [illegible] was implemented before the privatisation [illegible] the Crédit [illegible] [illegible] [illegible] banking [illegible] in [illegible].

Caterpillar in Russian joint venture deal

By Andrew [illegible]

Caterpillar, [illegible] world's [illegible] producer [illegible] [illegible] equip[illegible], [illegible] forming a joint [illegible] [illegible] [illegible] to produce [illegible]struction machinery components in [illegible] Petersburg.

The venture, Nevamash, will be 65 per cent owned by Caterpillar, [illegible] [illegible] remaining shares held by Kirovsky Zavod, a St Petersburg-based manufacturing company. [illegible] other terms were disclosed.

The agreement comes after a year of expanded activity by Caterpillar in [illegible] Common[illegible] of Independent [illegible] and the signing of three engine-related joint ventures.

[illegible] latest deal, however, [illegible] its first non-engine ven[illegible] in [illegible] CIS.

Molson links hardware side with US warehouse

By [illegible] Simon in Toronto

Molson, [illegible] diversified [illegible] brewing group, [illegible] [illegible] a potential [illegible] to its retail hardware business by forging [illegible] partnership [illegible] [illegible] Depot, the [illegible] retail [illegible] operator.

[illegible] Depot will [illegible] [illegible] (US\$149.2m) for a 75 per cent [illegible] in [illegible] joint venture, [illegible] be known as The Home Depot [illegible]. [illegible] will hold [illegible] remaining [illegible] [illegible] cent.

Home Depot Canada will take over and expand the Aikenhead's chain of home-improvement warehouse [illegible] currently wholly-owned by [illegible]. [illegible] [illegible] [illegible] outlets, each with about 125,000 sq ft of selling [illegible] and stocking some 35,000 items.

Aikenhead's has operated without serious competition, [illegible] [illegible] a threat from Home Depot, which [illegible] planned to [illegible] [illegible] [illegible] own operation in [illegible].

Mr [illegible] Marcus, Home Depot chairman, [illegible] the [illegible] with Molson provided an opportunity to penetrate [illegible] market "more quickly and more profitably".

The partnership aims [illegible] expand Aikenhead's to 50 outlets, including [illegible] [illegible] stores within [illegible] next 12 months.

Home Depot, with 269 stores in the US, is the latest of several [illegible] [illegible] operators to [illegible] into Canada. With huge volumes, direct deals with manufacturers, and cheap premises [illegible] the [illegible] [illegible] cities, they are able [illegible] under[illegible] [illegible] [illegible].

ANA launches restructuring plan

By Paul Abrahams and Michiyo Nakamoto in Tokyo

All Nippon Airways, Japan's second largest carrier by turnover, yesterday announced [illegible] long-awaited restructuring plan designed to [illegible] operating profits by Y26bn [illegible] in [illegible] ANA [illegible] post-tax [illegible] of Y2.4bn on [illegible] of [illegible] during [illegible] year to March 1993.

ANA said turnover should [illegible] boosted by transferring [illegible] per [illegible] planning and administrative staff to sales and marketing positions. No [illegible] had been made [illegible] routes, acquisition of new aircraft and capital investment, it added.

The plan includes [illegible] 10 [illegible] in staff through reduced recruitment, natural attrition, and [illegible] introduction of contract employees for [illegible] positions. The company [illegible] to have trimmed the [illegible] by [illegible] by March 1996. It [illegible] would be no compulsory redundancies.

Mr Seiji Fukatsu, president and [illegible] executive, said: "The global slump in demand [illegible] air travel, continued [illegible] at home [illegible] increased competition, have left ANA facing the toughest challenge since its [illegible]." [illegible] it expected [illegible] to fall during the 12 [illegible] to [illegible] by [illegible] cent to Y782bn, and [illegible] cautiously optimistic about keeping in [illegible].

Separately ANA announced [illegible] conclusion [illegible] with [illegible] rival, Japan Air Lines, to co-operate in [illegible] number of [illegible], including maintenance [illegible] for the Boeing 777 jets [illegible] companies [illegible] buying.

This is the first time the two companies, which [illegible] been fierce competitors, [illegible] formed a major alliance on technical [illegible] and [illegible] the growing [illegible] cut [illegible] in the [illegible] of the industry slump.

[illegible] expected [illegible] Y8bn to [illegible] a five-[illegible] period, the companies said. [illegible] JAL [illegible] are undergoing cost-cutting exercises in [illegible] effort [illegible] reduce their high [illegible] have damaged their competitiveness [illegible] the slump in [illegible] and first [illegible] travel, [illegible]ticularly [illegible] Japanese leisure [illegible] travellers.

Under the agreement, [illegible] airlines will jointly purchase parts [illegible] the Boeing 777, [illegible] will enter [illegible] fleets [illegible] as well as the [illegible] 747 [illegible].

[illegible] airlines will [illegible] co-operate [illegible] repairing parts and in the development [illegible] preparation of [illegible] training manuals, [illegible] will share hangar [illegible] and other technical facilities [illegible] as engine test cells they said.

"We're [illegible] in the same [illegible]. We [illegible] huge inventories of [illegible] parts [illegible] pay enormous rents for hangar space," JAL said.

[illegible] comes [illegible] JAL decided to pick the [illegible] Whitney engines [illegible] ANA for the 777.

Thai feed producer advances

By [illegible] Mallet in [illegible]

Charoen Pokphand Feedmill (CPF), [illegible] listed Thai agro-industry [illegible] of the multinational CP group, yesterday announced a 4 per cent rise in [illegible] profits, [illegible] ($47.2m) last [illegible] from [illegible] in [illegible].

The [illegible] it [illegible] higher [illegible] in [illegible] from prawn feed, which already [illegible] for [illegible] than 60 per [illegible] of CPF's sales. Thailand [illegible] largest producer of farmed shrimp, and [illegible] market [illegible] expec[illegible] to grow 15 [illegible] in [illegible].

CPF is planning [illegible] build [illegible] third prawn [illegible] plant in Thailand, [illegible] considering investments in Vietnam, [illegible] and [illegible] sub-continent.

[illegible] earnings per [illegible] Bt10.01 for the year, up [illegible] Bt9.59 the [illegible] before. Revenues and other figures [illegible] yet to be released.

Bangkok Agro-Industrial [illegible] and CP Northeastern, CPF subsidiaries, both announced lower profits.

BAP's net profit fell to Bt104.4m from Bt118.4m, [illegible] down to Bt84.2m from [illegible].

[illegible] also [illegible] per [illegible] TelecomAsia, the recently-floated CP company installing 2m [illegible] telephone lines in [illegible].

Commonwealth Bank surges 32% to A$318m midway

By Nikki Tait in [illegible]

Commonwealth [illegible] of Australia, which [illegible] been partially privatised [illegible] the past [illegible] still [illegible] government-owned, yesterday provided further evidence [illegible] in [illegible] Australian banking [illegible]. It reported a [illegible] in after-tax profits in [illegible] six [illegible] end-December.

CBA [illegible] it [illegible] profit [illegible] in the period, compared with A$240.7m a year earlier. [illegible] cents, up from [illegible] cents, and the [illegible] by [illegible].

CBA admitted it [illegible] a [illegible] half-year. Competition in [illegible] market, [illegible] on margins following [illegible] general [illegible] in interest rates, [illegible] low levels of [illegible] for [illegible] hampered [illegible].

[illegible] result, [illegible] fell by just [illegible] A$3.04bn, [illegible] operating profit slipped [illegible] A$2.13bn, compared [illegible] in [illegible] previous year.

The interest spread during [illegible] half-year was [illegible] per cent, against [illegible] per cent, while [illegible] interest margin dropped by [illegible] 10 per cent, [illegible] cent.

However, [illegible] profits came from [illegible] much lower charge for bad [illegible] doubtful [illegible]. This [illegible] in [illegible] six months, against [illegible] time.

By [illegible] the period, CBA's [illegible] non-accrual [illegible] at A$1.29bn, down 27.3 per cent on the A$1.77bn at the end of 1992.

CBA said staff expenses were [illegible] A$826.7m, [illegible] some initial savings from the bank's operational restructuring offset by a resumption of superannuation payments last July.

Looking forward, CBA said [illegible] improving economy should further help [illegible] debt [illegible]tion, [illegible] for [illegible]. However, [illegible] "strong competitive pressures . . . will continue".

"The [illegible] of revenue [illegible] in [illegible] past [illegible] months, but the [illegible] on [illegible] will [illegible] in the short-term [illegible] least," [illegible] Mr David Murray, managing director. The outcome for [illegible] full year, [illegible] added, should [illegible] "satisfactory".

Active year for Australian broker

By Nikki [illegible]

High levels of stock market activity helped McIntosh Securities, Australia's only quoted stockbroking firm, [illegible] a A$9.6m (US$6.9m) profit [illegible] but [illegible] abnormals. McIntosh is the product of [illegible] with the Australian operations of Britain's [illegible].

[illegible] figure [illegible] loss of A$3.1m in [illegible] period of 1992. Operating [illegible] surged by 67 per cent [illegible] A$58m.

McIntosh said that, on [illegible] calendar year basis, [illegible] its [illegible] profitable trading period since [illegible] – [illegible] result attributed partly to "the buoyant trading conditions in the securities industry," [illegible] partly to internal operational changes.

The wave of new issues coming to the stock market also helped push up [illegible].

An abnormal profit [illegible] A$12.1m [illegible] the [illegible] of Equinet alsohelped, leaving profits after tax and [illegible] at A$21.7m, compared with a loss of A$4.34m [illegible] year ago.

Highveld Steel checks four-year profit slide

By Matthew Curtin in Johannesburg

[illegible] profit [illegible] Highveld [illegible] and Vanadium, [illegible] Anglo-American owned metals producer, has advanced 16 per cent to R86.1m ($25.1m) in the year to December 31, against [illegible] 1992. The [illegible] four-year [illegible].

An improved [illegible] of 50 [illegible] compared [illegible] offered a scrip [illegible] up [illegible] controlling [illegible] Corporation – [illegible] as [illegible] finance [illegible] the [illegible] expansion project.

Mr Leslie Boyd, chairman, said resurgent [illegible] large [illegible] projects [illegible] growth – improved export steel prices, [illegible] demand [illegible] China, [illegible] rand's [illegible] against [illegible] dollar were [illegible] the [illegible].

[illegible] rose [illegible] from R1.48bn, [illegible] of [illegible] from [illegible] operations [illegible] spread [illegible] group's ferro-alloy, aluminium can and [illegible] steel [illegible]. Mr Boyd [illegible] High[illegible] or [illegible] with [illegible] exception of [illegible] plant.

A higher [illegible] charge [illegible] the improved [illegible] performance, so [illegible] profit [illegible] abnormal [illegible] extraordinary [illegible] from [illegible], equiva[illegible] to [illegible] 80 [illegible].

However, Highveld [illegible] from [illegible] deferred [illegible] credit, [illegible] the corporate [illegible] rate [illegible] 1993, [illegible] in proceeds [illegible] sixth of [illegible] original [illegible] Columbus to [illegible] Industrial Development Corporation.

Bottom-line [illegible] jumped to R150.7m [illegible] R78m.

Indian group finds cure for investment lethargy

Ranbaxy Laboratories is well placed to capitalise on government reforms, writes Stephan Wagstyl

Mr Parvinder Singh, chairman of Ranbaxy Laboratories, India's second-largest drugs [illegible], started building international links long [illegible] they became fashionable in [illegible].

Examining the success of the large western multinational pharmaceutical companies, [illegible] in [illegible] early [illegible] on exports [illegible] partnerships. Ten [illegible] before Mr P.V. Narasimha Rao, the prime minister, [illegible] on [illegible] widely-praised [illegible]. Mr Singh [illegible] establishing [illegible] world.

Today, Ranbaxy's exports amount to over 30 per cent of its turnover; by the year 2000, they are planned to rise to 45 per cent.

The group has a trading company in Hong Kong, joint venture manufacturing plants in Nigeria, Malaysia and Canada, and another under construction in southern China. It is talking to potential partners for joint-venture marketing companies in the US and in Europe. It has an agreement with Eli Lilly of the US for the sale of Eli Lilly products in India.

To help fund these ventures, Ranbaxy plans to tap international markets this spring with a $100m equity issue.

The family-owned company has suffered from its share of the in-fighting which has hit a number of Indian business families. Mr Singh, aged 51, took control of Ranbaxy from his father Mr Bhai Mohan Singh, the company's founder. However, Mr Singh senior tried to retain an influence over Ranbaxy long after he handed over day-to-day management to his [illegible] in [illegible] early [illegible]. Unlike some other family rows, however, [illegible] not prevented Ranbaxy from growing faster than any other leading Indian drugs group.

With sales of Rs5.6bn ($180.6m) in the year to March 1993, and pre-tax profits of Rs770m, Ranbaxy is still small by the standards of the western drugs companies which dominate the international markets. Mr Singh, [illegible] convinced that by exploiting the right [illegible] opportunities [illegible] compete with [illegible], [illegible] in industrialised country markets.

The key to his plan is the fact that patents on important internationally-known branded drugs expire in the next few years. They include drugs in the two areas in which Ranbaxy has specialised: antibiotic preparations [illegible] from flouroquinolones, and anti-bacterial medicines [illegible] cephalosporins.

Mr Singh says both drugs are [illegible]y difficult to make – so western groups wanting to compete [illegible] former patent-holders will [illegible] Ranbaxy's techniques.

> "Now that the country is opening up, in the next five to 10 years there will be a change in the industry. We will become more research minded."

Mr [illegible] formi[illegible]. First, the Indian pharmaceuticals market has long been squeezed by strict government price controls, designed to bring cheap medicines to the poor. These have limited the industry's profits, and so its capacity to invest in [illegible].

Also, operating under tightly-regulated conditions, [illegible] has [illegible] develop high-quality marketing skills. While [illegible] government is [illegible] easing restrictions, [illegible]panies [illegible] expect [illegible] changes [illegible] the regime.

Moreover, Indian law [illegible] until [illegible] acknowledged patents [illegible] products, only [illegible] processes. So, Indian [illegible] been [illegible] copy [illegible] drugs simply by devising different [illegible] of producing them. This has done nothing to foster competition in product research and development.

At the same time, western companies [illegible] had [illegible] to be cautious about sharing know-how.

Mr [illegible] Ranbaxy [illegible] coped with [illegible] conditions [illegible] than other Indian [illegible]panies by [illegible] neglecting investment in improving production [illegible] marketing.

In [illegible] 10 [illegible] March [illegible], the company's [illegible] rose from Rs141m [illegible] plants in India and [illegible] are modern and [illegible] won official approval from standards authorities in western [illegible]tries, including [illegible] tough FDA.

The emphasis on internationalisation has permeated [illegible] whole company, [illegible] Mr Singh. "Everyone [illegible] it [illegible] of their mind not [illegible] with success in the Indian market, but to aim for world markets," he [illegible].

Mr Singh [illegible] Ranbaxy has [illegible] from [illegible] Indian drugs companies by advocating that India should accept [illegible] countries' [illegible] protect products [illegible] well [illegible]. This [illegible] now [illegible] inevitable, [illegible] accepted the [illegible] of [illegible] Uruguay Round [illegible] Gatt [illegible] talks, in [illegible] the participants agreed [illegible] strengthen patent laws.

However, [illegible] time for [illegible] laws [illegible] enacted, and [illegible]cies [illegible] be [illegible].

Mr [illegible] that product patents [illegible] in Indian [illegible]panies' long-term interest: only such patents will [illegible] the [illegible] develop their own products.

Mr Singh [illegible] India has [illegible] potential [illegible] become an innovator in pharmaceuticals, given the quality of research engineers and the [illegible] of Indian emigrants in other countries.

"We have the right ingredi[illegible] success," [illegible] Mr Singh, [illegible] himself [illegible] in pharmacy. "Deep-[illegible] we [illegible] an inquiring mind-set. [illegible] the country [illegible] opening [illegible] in the [illegible] there will be [illegible] in the industry. [illegible] will become more [illegible] minded."

هكذا من الأصل

INTERNATIONAL COMPANIES AND FINANCE

Gibraltar group builds 7% stake in Montedison

By Haig Simonian in Milan

Shares in Montedison, the Italian industrial group which [illegible] part of [illegible] troubled Ferruzzi Finanziaria (Ferfin) holding company, rose by L11 [illegible] L1,197 yesterday after news that a mysterious buyer [illegible] trolled almost 7 per [illegible] the [illegible]

The admission [illegible] from Codelouf, a little-known Gibraltar-based concern operating out [illegible] London. A lawyer acting for Codelouf [illegible] it would own 4 [illegible] of Montedison's voting shares at the end of the current stock [illegible] account, ending February 28.

Codelouf, whose ultimate [illegible] unknown, has [illegible] acquired about 380m Montedi[illegible] share warrants, accounting [illegible] a further [illegible] the voting capital on conversion.

The news [illegible] some way [illegible] explain [illegible] in Montedi[illegible] share price since share[illegible] and bank [illegible] a restructuring plan late last year. The restructur[illegible] which has seen Ferfin's [illegible] in Montedison fall to about 30 [illegible] from around 48 [illegible] cent, [illegible] involved one of Italy's largest share and warrant [illegible]

Rather than [illegible] the underwriters – largely made up [illegible] Montedison's leading bank [illegible] – [illegible] issue [illegible] strongly taken up, and the group's [illegible] has powered [illegible] on [illegible] back [illegible] extremely high daily trading volumes.

The high turnover and steadily rising [illegible] price have triggered speculation [illegible] building, possibly [illegible] a bid. Montedison is Ferfin's main industrial operation, [illegible] controls a number of important subsidiaries such as Montecatini (chemicals), Eridania Béghin-Say (sugar) and Edison (energy).

Among potential [illegible] are [illegible] Fiat-controlled Gemina holding [illegible], possibly in conjunction with Mediobanca, and Mr [illegible] Cragnotti, a former Ferruzzi executive, [illegible] now runs [illegible] independent merchant bank. All [illegible] denied [illegible]

Earlier this month, Italy's [illegible] watchdog confirmed the extraordinary volume [illegible] trading in Montedi[illegible] shares, [illegible] said no shareholder had yet reached 2 [illegible] the capital, at which [illegible] a formal [illegible] must [illegible] made.

Polypropylene venture probed

By Andrew Hill in [illegible]

A chemicals joint [illegible] Royal Dutch [illegible] Montedison, the [illegible] of [illegible] collapsed Ferruzzi empire, could dominate the technology [illegible] producing polypropylene in Europe, [illegible] pean Commission [illegible] yesterday.

The [illegible] opened [illegible] in-depth inquiry into [illegible] $6.6bn joint [illegible] find [illegible] dominance could hamper competition in [illegible] polypropylene sector.

Brussels [illegible] companies' technology – Spheripol developed by Montedison and Unipol developed [illegible] Shell and Union [illegible] – was used by 70 [illegible] the [illegible] polypropyl[illegible]

However, [illegible] it was querying the Commission's official [illegible] the investigation [illegible] Unipol [illegible] by [illegible], which brings together [illegible] of the [illegible] companies' polyolefin activities.

[illegible] inquiry [illegible] up [illegible] four months, further [illegible] a [illegible] which was first dis[illegible] in September 1992. Talks [illegible] held up last May by the collapse of the Ferruzzi family's business empire, and only went ahead when the second phase of a restructuring plan was agreed before Christ[illegible]

[illegible] Shell and Montedison [illegible] yesterday they [illegible] expected [illegible] Commission [illegible] an in-depth inquiry [illegible] the deal, [illegible] – the joint [illegible] would [illegible] world's largest polypropylene manufacturer – and complexity. [illegible] Commission decides [illegible] venture [illegible] anti-competitive it can block [illegible], [illegible] likely, [illegible] the deal [illegible] amended.

SAS to sell Chilean airline stake

By Christopher Brown-Humes in Stockholm

[illegible] System (SAS) [illegible] finalising [illegible] deal to sell its 42 per cent stake in LanChile, Chile's leading airline. [illegible] shares could change hands [illegible] around $19m.

SAS said the stake [illegible] no longer strategically important following [illegible] collapse [illegible] plans to merge with [illegible], Austrian Airlines and KLM Royal Dutch [illegible] in the so-called Alcazar project. It stopped flying to South America in January 1992.

The holding is being bought by two Chilean investors, the Cueto family and Mr Boris Hirmas, who already own 20 per cent of the airline. The Chilean government is expected to sell its 22 per cent holding in the airline soon.

SAS said the disposal would produce a [illegible]all capital gain. The move is not connected to its broader restructuring plan which aims to cut [illegible] by SKr2.5bn ($313m).

[illegible] Banken, [illegible] bank, [illegible] selling three [illegible] GE Capital, part of [illegible] group of [illegible]

The units all belong to the bank's [illegible] subsidiary and have total assets [illegible] The businesses [illegible] sold are SkandicBilfinans, [illegible] vehicle financing unit; Vendax, a computer leasing specialist; [illegible] Nordic Finans, which con[illegible] and [illegible] equipment.

Non-defence business grows at Lockheed

Lockheed, the US aerospace group, said its non-defence [illegible] grew [illegible] 36 per cent [illegible] its [illegible] sales in 1993, up from 33 per [illegible] in [illegible], Reuter reports.

[illegible] foreign countries for the [illegible] ended December 26 1993 rose to 13 per cent of the total, [illegible] per cent a [illegible] earlier.

In the [illegible] quarter, the [illegible] industry group earned $135m, [illegible] $2.13 share, [illegible] of $3.7bn, compared with net [illegible] of $119m, [illegible] share, [illegible] of $2.9bn.

Mr Daniel Tellep, chairman and chief executive, said: "1993 [illegible] outstanding [illegible] for Lockheed. We had [illegible] solid increase in earnings, [illegible]ated substantial [illegible] flow and significantly [illegible] ing debt."

He added: "Our strong cash flow and rapidly improving debt position [illegible] us the flexibility [illegible] explore [illegible] means to enhance shareholder value, including strategically [illegible] financially [illegible] acquisitions."

He said the company reduced [illegible] outstanding [illegible] in 1993 [illegible] $400m and by [illegible] year-end, its [illegible] capi[illegible] ratio [illegible] 42 per cent, [illegible] per cent [illegible] first quarter.

[illegible], Lockheed acquired Lockheed Forth Worth [illegible] heighten its position in the military aircraft market. The acquisition [illegible] primary factor in year-over-year sales and earnings growth, Lockheed said.

"[illegible] firm backlog of nearly 600 F-16 tactical [illegible] aircraft, [illegible] Forth Worth company will continue to have [illegible] very positive influence on our [illegible] earnings and [illegible] flow," Mr Tellep [illegible]

At [illegible] year-end, total order [illegible] was $28.9bn, nearly 50 [illegible] cent [illegible] $19.4bn backlog [illegible] end of [illegible]

In the full-year, the [illegible] recorded net profit of [illegible], or $6.70 a share. This compares with a loss of $283m, or $4.58, for 1992 after a [illegible] accounting charge.

Excluding the charge, there would have been a net profit of $348m, or $5.65 a share, for 1992.

Bonanza for Chicago exchanges

Surging volumes fuel the profit-sharing debate, says Laurie Morse

Mr Jack Sandner, chairman of the Chi[illegible] Mercantile Exchange, toasted a year of record volume in December [illegible] the prediction that "under the right conditions, like the Fed changing its [illegible] policy, the roof could blow off this place".

Jack Sandner: got his volume explosion last Friday

Last [illegible] Fed struck, reversing its five-year-old policy of [illegible] credit, and Mr Sandner got his [illegible] explosion. In the [illegible] single day in [illegible] industry history, the CME turned [illegible] an [illegible] 2.5m contracts, [illegible] the previous [illegible] by nearly 1m contracts.

The [illegible] of [illegible] the [illegible], which was echoed in the financial futures pits [illegible] the its big futures rival, [illegible] Chicago Board of Trade, [illegible] in over-the-counter [illegible] dealings, [illegible] man[illegible] rushed to re-adjust their [illegible] rate hedges.

Since [illegible] rate risk products [illegible] for [illegible] than 80 [illegible] their [illegible], this [illegible] in volatility [illegible] a bonanza for the [illegible] big Chi[illegible] futures exchanges. But it [illegible] only [illegible] higher income for [illegible] exchanges: [illegible] is bound [illegible] accelerate the [illegible] over [illegible] in [illegible] profits.

Unlike their much newer European counterparts, [illegible] CBoT, [illegible] York [illegible] Exchange (Nymex) [illegible] by [illegible] individual members, for [illegible] part [illegible] tightly-knit [illegible] independent [illegible] and trading companies.

The exchanges are non profit-making entities, organised more like private [illegible] than [illegible]. Members benefit from exchange [illegible] indirectly. They do [illegible] dividends from [illegible] exchange.

When [illegible], exchange profits [illegible] in the exchange or put into an equity fund. To [illegible] end [illegible] CME [illegible] year [illegible] double [illegible] size of [illegible] trading [illegible] and [illegible] investing [illegible] upgrade [illegible] clearing [illegible]. The [illegible] and [illegible] Nymex [illegible] multi-million dollar building plans [illegible] the pipeline. [illegible] equity [illegible] CBoT topped [illegible] year, and [illegible] the CME.

Exchange leaders [illegible] looking [illegible] unlock [illegible] those [illegible]. Mr Sandner [illegible] inability [illegible] distribute profits discourages investment in the exchange. At the same time, the CME's success in the form of seat prices is keeping new blood away. Seats, changing hands for [illegible] or [illegible], are beyond the pocket [illegible] young traders.

He thinks a profit-making structure that [illegible] trading rights from equity [illegible]ship, and prices [illegible] separately, would benefit the exchange, and [illegible] ordered a comprehensive examination [illegible] the [illegible]

The plan looks [illegible] be [illegible] in that it could eventually end [illegible] control over exchange governance. However, the promise [illegible] returns – dividends – could dispel [illegible] exchange [illegible]

At [illegible] CBoT, [illegible] internal study [illegible] year criticised the exchange [illegible] strategic blindness and disorganised governance. [illegible] Allen [illegible] Hamilton, [illegible] management consultancy, has studied alternatives to [illegible] existing operating [illegible] in [illegible] of that report, and will produce [illegible] findings later [illegible] year.

Mr Daniel Rappaport, chairman of Nymex, has [illegible] exchange's lawyers and investment bankers to draft [illegible] for-profit ownership plan. Having [illegible] distribute exchange profits [illegible] important, he [illegible], because [illegible] interests of the exchange [illegible] no longer [illegible] exclusively [illegible] the floor.

Nymex, [illegible] central marketplace [illegible] trading, [illegible] information highway it [illegible] anxious [illegible] explore. It already has a computerised after-hours trading system, Access, and will soon launch Enersoft, an electronic information [illegible] for the natural [illegible] industry. [illegible] support [illegible] off-floor investments, Mr Rappaport [illegible] members must [illegible] able to share in their profits.

Mr Rappaport [illegible] the switch [illegible] profit-making status, long avoided because of [illegible] income [illegible] liabilities, will not change exchange ownership. "We are not intending to [illegible] public," he says. "The same people will own the exchange."

However, he [illegible] that the trading [illegible] ownership [illegible] now bound into a Nymex membership [illegible] "unstapled" [illegible] time in the future.

Plans for dividend-paying futures exchanges, however, could run foul of an important constituency – the exchanges' public custom[illegible]. Mr Hal Hanson, chairman of the Futures Industry Association, a trade [illegible] for broker-dealers who represent public customers, contends that rather than [illegible] dividends to self-interested traders, exchanges should lower [illegible] trading fees and other costs.

"These exchanges ought [illegible] business [illegible] their [illegible] requirements," [illegible] says. "If they're [illegible] doing that it has an enormous [illegible] to [illegible] trader, [illegible] it [illegible] public [illegible] make this trading system work."

Japanese developer files for protection

By Emiko Terazono in Tokyo

Sanwa Tatemono, [illegible] Japanese property developer, [illegible] for [illegible] protection under the bankruptcy law with debts totalling Y124.3bn ($1.14bn), the largest financial failure in [illegible] months.

The decision by the company, which does not [illegible] exchange listing, will be [illegible] its [illegible] banks, including Nippon [illegible] Bank (NTB), Mitsui [illegible] and [illegible] and Sakura Bank.

According [illegible] Teikoku [illegible] Bank, [illegible] private credit research [illegible], NTB, [illegible] company's largest investor, has over [illegible] in loans and loan guarantees.

The bank [illegible] to [illegible] the bulk [illegible] loans [illegible] Sanwa, which [illegible] unrelated [illegible] Sanwa Bank, and intends [illegible] avoid falling into the [illegible] by covering [illegible] incurred with proceeds [illegible]

However, analysts fear such [illegible] will depress [illegible] unrealised gains on its stock portfolio, which [illegible] at [illegible] end of September [illegible] year.

[illegible] heavily in office buildings, golf course developments [illegible] development projects in Perth, [illegible]tralia during the late [illegible]. However, [illegible] plunge in [illegible] prices and the subsequent [illegible]nomic downfall hurt demand, leaving the company with mounting [illegible]

[illegible] Hakuhodo, Japan's second-[illegible] advertising agency, [illegible] non-consolidated pre-tax [illegible] for the year ended November, its first profit in four [illegible]

The [illegible] posted a 10.8 [illegible] pre-tax profit rise, [illegible] Y4.72bn, in spite of a 5.8 per [illegible] fall in sales, [illegible] the third [illegible] yearly fall in sales, [illegible] blamed on [illegible] in advertising [illegible] Japanese corporations.

After-tax profit fell 55 [illegible] Y207bn [illegible] special losses stemming from [illegible] in pension payment reserves.

For [illegible] November, [illegible] company expects pre-tax [illegible] halve [illegible] Y2.48bn, [illegible] unchanged [illegible]

INTERNATIONAL CAPITAL MARKETS

Gilts surrender early gains after buyers fail to materialise

By Antonia Sharpe in London [illegible] Frank McGurty in New York

UK government bonds [illegible] up by more than one point immediately after yesterday's unex[illegible] *quarter point cut in* bank base rates as [illegible] scrambled to cover short positions.

However, they lost their [illegible] as hopes of follow-through buying failed to materialise. By the end of the afternoon long-dated gilts were around [illegible] point lower but the shorter [illegible] gains [illegible] just under [illegible] ¼ point.

Analysts [illegible] the [illegible] of buying interest to sterling's weakness, which put [illegible] international investors, and to the domestic political situation which [illegible] the [illegible] off the rate cut. [illegible] that the recent political [illegible] the ruling Conservative government would hang [illegible] market for [illegible] time.

Mr Adam Chester, international bond strategist at Yamaichi International, said yesterday's rate cut had also raised fears in the market that it might [illegible] the [illegible] in the [illegible] current [illegible] rate cycle.

However, [illegible] Roger Bootle, *chief economist at Midland* Global [illegible], said [illegible] would [illegible] surprised if [illegible] rate cut, especially in view [illegible] by [illegible] Kenneth Clarke, the chancellor of [illegible] exchequer, that [illegible] rate cuts were likely to be of a similar [illegible] yesterday's ¼ point cut.

"Yesterday's [illegible] point cut will do next to nothing to help the economy so [illegible] must be seen *as part of a continuing package* of rate cuts," said Mr Bootle.

In his view, the UK authori[illegible] must [illegible] market that interest [illegible] could [illegible] in the UK despite [illegible] rise [illegible] interest [illegible]. Furthermore, the rate [illegible] appeared to be jus[illegible] by the *Bank of England's* favourable inflation report which [illegible] published yesterday.

The March long gilt future on *Liffe stood at the day's low* of [illegible] towards the close of trading, down ⅛ point on [illegible] day and [illegible] day's [illegible] level [illegible] 117[illegible].

GOVERNMENT BONDS

■ German government bonds and futures [illegible] gains yesterday as [illegible] up against an early cut in German interest rates. The March bund future on Liffe fell [illegible] *point to 98.91 in the late* afternoon, [illegible] day's high of 99.37.

[illegible] terday [illegible] better-than-expected jobless [illegible] January, [illegible] set a [illegible] at [illegible] unchanged [illegible] of 6 per cent, and [illegible] *D-Mark's weakness had led the* market to believe [illegible] would delay [illegible] rate reductions [illegible] March.

The very long end of the market was also put under [illegible] the government's [illegible] the [illegible] per cent 2024 [illegible] by DM3bn. The yield on [illegible] 30-year bund rose to 6.45 per [illegible] 6.38 per [illegible] Monday.

Mr André de Silva, analyst at PaineWebber, [illegible] that the 30-year bunds were now yielding 59 [illegible] points more than 10-year bunds, which compared with spreads of 57 basis points in the Netherlands, 56 basis points in Italy and [illegible] basis *points in France.*

■ French government bonds [illegible] in [illegible] narrow [illegible] in the [illegible] by the Bundesbank's announcement [illegible] unchanged repo tender.

The [illegible] notional [illegible] 0.38 *point* [illegible] late afternoon, down from [illegible] intraday high of [illegible].

■ Japanese government bonds and futures [illegible] change [illegible] their Tokyo levels in European trading hours [illegible] *digested* the [illegible] government's Y15,250bn package [illegible] tax cuts, government spending and loans, *designed* [illegible] pull the [illegible] recession.

The March future, which had [illegible] just [illegible] point [illegible] Tokyo, [illegible] around [illegible] Tokyo closing level [illegible] 114.30 in the afternoon in London. [illegible] yield [illegible] *mark [illegible] no 157 stood* [illegible] 3.48 per cent in London, unchanged from [illegible] level in Tokyo.

[illegible] Greener, analyst [illegible] Toyo [illegible] International, [illegible] although [illegible] impact [illegible] package [illegible] broadly neutral, a likely [illegible] larger and more frequent auc[illegible] by [illegible] Ministry of Finance.

He expected the next Y600bn auction of four-year paper to [illegible] announced today with [illegible] per [illegible].

"The market [illegible] likely to cope because there is plenty [illegible] on deposit but it needs to be [illegible] out with a decent coupon," [illegible].

■ [illegible] short-dated US bonds held steady [illegible] the Treasury's afternoon auction [illegible] three-year notes, but [illegible] over inflation brought [illegible] to [illegible] end [illegible] the yield curve.

[illegible] 30-year government bond was [illegible] 97[illegible], with the yield rising to 6.411 per cent. On the [illegible] end, [illegible] two-year [illegible] was unchanged at [illegible] to yield [illegible] per cent.

[illegible] sights [illegible] squarely on [illegible] Treasury's [illegible] quarterly [illegible] *ing operation, set to* begin yesterday afternoon with the sale [illegible] $17bn in three-year [illegible].

Demand for the new issue was uncertain, with the possibility [illegible] the Federal [illegible] nudging short-term interest [illegible] still higher in the coming [illegible].

However, the short end began to stabilise in the hours [illegible]. The yield on the three-year note was [illegible] 4.714 [illegible] against [illegible] per cent when [illegible] sale [illegible] announced last [illegible].

Traders believed the [illegible] fresh supply with the higher rate of return.

The [illegible] long *end did not fare as well.* [illegible] January producer price [illegible] due out on Friday, the sale of $11bn in new 30-year securities [illegible] could present an obstacle.

[illegible] market [illegible] fearful [illegible] report would contain more bad news on inflation, which would [illegible] the [illegible] of the long bond.

Large deals line up from South-East Asia region

By Sara Webb

The flood [illegible] equity-linked international offerings from [illegible] Asian companies [illegible] no sign of abating, with [illegible] lined up from Indonesia and Thailand.

Indofoods, Indonesia's largest food company which domi[illegible] the Indonesian instant noodle market, is planning to launch an international equity or equity-linked offerings for a total of up [illegible] spring, [illegible] bankers [illegible] UBS [illegible] mandate for the deal.

Meanwhile, Bangkok Bank, Thailand's largest bank, launched [illegible] $400m 10-year [illegible] Eurobond [illegible] this week which is due to be priced later this month.

[illegible] Perdana, [illegible] Malay[illegible] timber company, [illegible] plan*ning a* [illegible] 10-year convertible Eurobond issue, which will [illegible] money [illegible] its [illegible] borrowings [illegible] well as providing new funds. Details of [illegible] not [illegible] finalised. Jardine Fleming has been appointed lead manager.

While [illegible] plenty *of Thai convertible Eurobonds* in [illegible] months, [illegible] Malaysian companies have taken [illegible] opportunity [illegible] launch [illegible] equity specialists point [illegible] that this partly reflec[illegible] the qui[illegible] favourable financing opportunities in the domestic market.

Aokam was quoted on AP-Dow Jones saying the issue will allow it "to access [illegible] rently favourable market for [illegible] and [illegible] diversify [illegible] funding sources".

INTERNATIONAL EQUITY ISSUES

Abbey National in $1bn FRN offer

By Sara Webb

Floating [illegible] notes were the flavour of [illegible] day in [illegible] international bond market [illegible] again, [illegible] Friday's quarter-point rise in US short-term interest [illegible] continued [illegible] stimulate investor interest in [illegible] partic*ular sector.*

Looking ahead, syndicate officials said [illegible] preparing for a handful of large global straight bond issues, including a $750m deal for the National Bank of [illegible] and [illegible] offering [illegible] the Asian Development Bank.

Abbey [illegible] *launched* a $1bn five-year FRN with a [illegible]pon of three-month Libor minus [illegible] basis points. The bonds were priced [illegible] to give [illegible] yield [illegible] three-month *Libor, currently quoted at* 3¼-3[illegible] per [illegible].

Mr Jonathan Nicholls, Abbey's [illegible] of corporate [illegible] and capital markets, [illegible] the [illegible] pro[illegible] [illegible] opportunity to [illegible] floating [illegible] issue, adding [illegible] investor demand for FRNs [illegible] in [illegible].

Goldman Sachs, [illegible] for the deal, said it had [illegible] *bring [illegible] large, liquid* FRN [illegible] around [illegible] to [illegible] advantage [illegible] fund man[illegible] appetite for floating rate [illegible] five-year FRN deal, which convinced it [illegible] large [illegible] Abbey would work.

INTERNATIONAL BONDS

In pricing [illegible] Abbey deal, Goldman [illegible] recent FRN issues such as the $2bn [illegible] from Province [illegible] currently [illegible] *a yield of Libor plus 7 basis* points. However, other syndi[illegible] the pricing [illegible] the Abbey [illegible] "very tight". [illegible] bonds will break syndicate today.

The sterling sector saw plenty [illegible] excitement, reflecting [illegible] in [illegible] underlying [illegible] government [illegible] market. The quarter-point [illegible] in [illegible] UK [illegible] thing in the day [illegible] prices [illegible] much [illegible] point higher in [illegible] morning and [illegible] sterling deals more difficult.

As [illegible] result of the [illegible] rate cut, Baring Brothers [illegible] to use the fixed price re-of[illegible] system for the [illegible] year Eurobond deal which it brought [illegible] IKB Finance, the German [illegible], spec*ialises in lending to medium-*sized industries.

[illegible] in the sterling sector, [illegible] Centenary, the Lucerne-registered part [illegible] De Beers group which holds all of the non-South African inter[illegible], launched its first bond issue.

[illegible] proceeds [illegible] be used partly to repay some of the company's short and medium-term borrowings, and partly to augment existing facilit[illegible].

The £150m 15-year deal has a coupon of 8.25 per cent and offers a yield of 165 basis points over the 9 per cent gilt due 2008. The issue, which was aimed predominantly at UK investors, had a launch price of 98.973 and traded up to 99.00-99.25 by late afternoon.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Abbey Natl.Treasury Services‡	1bn	(a)	[illegible]	Mar.1999	0.15R	-	Goldman [illegible]
Grupo Mexicano de Desarrollo	[illegible]	8.25#	[illegible]	[illegible]	[illegible]	+255(7⅝%-01)	Bear Stearns Intl.
BHF Finance‡	[illegible]	(b)	[illegible]	[illegible]	[illegible]	-	Merrill Lynch Intl.
[illegible]	100	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible] Europe
D-MARKS							
[illegible]	100	[illegible]	[illegible]	[illegible]	[illegible]	-	Commerzbank
[illegible]							
De Beers Centenary [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.75R	[illegible]	[illegible]
IKB [illegible]	100	[illegible]	[illegible]	[illegible]	[illegible]	+37 (8%-99)	Baring Brothers
Bayerische Hyp[illegible](f)	50	[illegible]	[illegible]	[illegible]	[illegible]	+28 (6%-99)	Hambros Bank
Anglo France [illegible]	45	(h)	[illegible]	[illegible]	0.25R	-	Kleinwort Benson
FRENCH FRANCS							
Kingdom of Sweden‡	300	[illegible]	[illegible]	[illegible]	[illegible]	-	Banque Paribas
AUSTRALIAN DOLLARS							
National Australia Bank	250	[illegible]	[illegible]	[illegible]	2.00	-	Hambros Bank
Australian Industry Dev.Corp.	150	6.50	99.60	Mar.2004	2.125	-	Barclays de Zoete Wedd
SWISS FRANCS							
ING§♦	100	2.00	100.00	Mar.2000	-	-	Swiss Bank Corp.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead [illegible]. ♦With equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) [illegible] Libor -0.0625%. b) 3-mth Libor flat. c) Fixing: 16/2/94. d) Domestic bond. Long 1st coupon. e) Short 1st coupon. f) Issue launched 10/1/94 was increased to £150m. g) Secured by maintenance leases. Average life: 4.4 yrs. Callable on any coupon date from Mar.99. Simultaneous issue of class B notes. h) 3-mth Libor +0.55%. i) 5⅛% bid for 1st yr and 31.70% - [illegible] x 5yr FFr swap rate (fixing once only, min zero) thereafter. § Fixed today. Warrants are to ING Bank shares.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	120.3600	+0.110	6.36	6.18	6.39
Belgium		7.250	04/04	104.7500	+0.090	6.59	6.45	6.51
Canada *		7.500	12/03	106.2500	-	6.62	6.41	6.47
Denmark		7.000	12/04	106.3700	-0.130	6.17	6.03	5.99
France	BTAN	8.000	05/98	109.8000	-0.320	5.35	5.10	4.95
	OAT	5.500	04/04	96.8500	-0.100	5.92	5.72	5.66
Germany		6.000	09/03	101.1100	+0.160	5.84	5.69	5.59
Italy		8.500	01/04	100.5300	+0.250	8.42†	8.36	8.61
Japan	No 119	4.800	06/99	107.6210	-0.150	3.14	3.05	2.29
	No 157	4.500	06/03	106.9710	+0.150	3.61	3.53	2.96
Netherlands		5.750	01/04	99.6000	-0.060	5.80	5.65	5.60
Spain		10.500	10/03	117.0500	+0.400	7.91	7.78	8.16
UK Gilts		9.750	01/98	113-07	+7/32	5.90	5.67	5.75
		6.750	11/04	101-18	-11/32	6.53	6.22	6.23
		9.000	10/08	120-04	-13/32	6.81	6.48	6.56
US Treasury *		5.750	08/03	98-19	+1/32	5.95	5.71	5.63
		6.250	08/23	97-30	-2/32	6.41	6.29	6.25
ECU (French Govt)		6.000	04/04	98.9300	+0.480	6.14	5.95	5.87

London closing, *New York mid-day. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents). Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime rates

Prime rate	6
Broker loan rate	5
Fed funds	3¼
Fed funds at intervention	-

Treasury Bills and Bond Yields

One month	3.14	Three year	4.73
Two month	3.41	Five year	5.37
Three month	3.31	10-year	5.96
Six month	3.52	30-year	6.41
One year	3.88		
Two year	4.42		

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	[illegible]	[illegible]	+0.12	129.32	128.78	348,486	[illegible]
Jun	[illegible]	[illegible]	+0.12	128.64	128.42	[illegible]	20,632
Sep	127.92	127.70	+0.16	127.92	127.70	146	3,694

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Mar	Calls Jun	Calls [illegible]	Puts Mar	Puts Jun	Puts Sep
129	0.46	0.99	-	0.66	1.60	-
130	[illegible]	0.62	-	1.28	2.09	-
131	0.04	0.36	-	-	-	-
132	0.02	0.21	-	-	-	-
133	-	0.11	-	-	-	-

Est. vol. total, Calls 41,498 Puts 30,415. Previous day's open int., Calls 323,003 Puts 337,218.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	[illegible]	Sett price	[illegible]	[illegible]	[illegible]	Est. vol	Open int.
Mar	[illegible]	99.01	-0.03	99.37	[illegible]	[illegible]	192106
Jun	99.04	98.91	-0.04	99.23	98.88	1707	6631

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
[illegible]	0.38	[illegible]	0.37	[illegible]
[illegible]	0.19	[illegible]	0.68	[illegible]
10000	0.08	0.49	1.07	1.58

Est. vol. total, Calls 13383 Puts 403[illegible]. Previous day's open int., Calls 264134 Puts 218583

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	[illegible]	[illegible]	[illegible]	High	Low	Est. vol	Open int.
Mar	[illegible]	102.23	-0.03	[illegible]	[illegible]	794	9950

[illegible]

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	[illegible]	Sett price	Change	[illegible]	Low	Est. vol	Open int.
Mar	118.40	[illegible]	0.26	[illegible]	117.90	72940	81110
Jun	[illegible]	[illegible]	0.26	118.82	118.53	836	6857

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11800	0.71	2.38	0.45	1.84
11850	0.47	[illegible]	0.71	2.08
11900	0.28	1.87	1.02	2.33

Est. vol. total, Calls 3130 Puts 1749. Previous day's open int., Calls 53126 Puts 31121

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	[illegible]	Sett price	Change	[illegible]	[illegible]	Est. vol.	Open int.
Mar	[illegible]	[illegible]	+0.34	106.41	106.05	55,975	102,362
Jun	[illegible]	[illegible]	[illegible]	106.40	106.19	865	9,760

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	[illegible]	116-06	-0-06	117-23	[illegible]	202115	118791
Jun	116-16	[illegible]	-0-10	117-00	[illegible]	[illegible]	2063

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
[illegible]	0-54	1-39	0-36	1-63
117	0-26	1-12	1-10	2-36
[illegible]	0-11	0-55	1-59	3-15

Est. vol. total, Calls 16272 Puts 14387. Previous day's open int., Calls 108890 Puts 90219

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	120.24	120.20	+0.34	120.56	120.00	7,891	12,688
Jun	-	95.30	-0.34	-	-	-	203

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	[illegible]	[illegible]	Change	High	[illegible]	Est. vol.	Open int.
Mar	[illegible]	114-16	-0-10	[illegible]	114-12	[illegible]	[illegible]
Jun	113-20	113-15	[illegible]	113-21	113-11	13,571	25,291
Sep	[illegible]	112-20	[illegible]	[illegible]	112-16	824	34,026

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	[illegible]	Close	[illegible]	[illegible]	Low	[illegible]	Open int.
Mar	[illegible]	-	-	114.49	114.20	3139	0
Jun	113.17	-	-	[illegible]	113.10	[illegible]	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price indices UK Gilts	Tue [illegible] 8	Day's [illegible] %	Mon Feb 7	Accrued [illegible]	xd adj. ytd
1 Up to 5 years (26)	128.95	+0.34	[illegible]	1.84	[illegible]
[illegible] 5-15 years (21)	159.16	+0.26	158.75	1.94	[illegible]
3 Over 15 years (8)	[illegible]	+0.10	[illegible]	1.46	1.79
4 Irredeemables (6)	[illegible]	+1.76	220.02	2.80	0.00
5 All stocks (60)	[illegible]	[illegible]	[illegible]	1.72	1.67
Index-linked					
6 Up to 5 years (2)	189.71	[illegible]	[illegible]	0.37	1.41
7 Over 5 years (11)	180.61	-0.14	[illegible]	0.72	0.57
8 All [illegible] (13)	188.65	[illegible]	[illegible]	[illegible]	[illegible]
Debentures and Loans					
9 [illegible] & Loans (68)	[illegible]	+0.31	[illegible]	3.00	[illegible]

Yields	Low coupon [illegible] 8	Low Feb 7	Low Yr. ago	Medium coupon [illegible]	Medium Feb 7	Medium Yr. ago	High coupon [illegible]	High Feb 7	High Yr. ago
5 yrs	[illegible]	5.94	6.82	[illegible]	[illegible]	7.03	[illegible]	6.29	7.22
15 yrs	[illegible]	[illegible]	8.11	[illegible]	[illegible]	8.59	[illegible]	[illegible]	[illegible]
20 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.97
Irred.†	[illegible]	[illegible]	[illegible]						

Index-linked	Inflation 5% [illegible] 8	Feb 7	Yr. ago	Inflation 10% [illegible]	[illegible]	Yr. ago
Up to 5 yrs	[illegible]	[illegible]	2.20	1.61	1.62	1.40
Over 5 yrs	[illegible]	[illegible]	3.66	[illegible]	[illegible]	[illegible]

	5 year yield Feb [illegible]	[illegible] 7	Yr. ago	15 year yield [illegible]	Feb 7	Yr. ago	25 year yield [illegible]	[illegible] 7	Yr. ago
9 Debentures and Loans	[illegible]	[illegible]	8.72	7.74	7.77	[illegible]	7.60	[illegible]	[illegible]

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Feb 8	[illegible]	[illegible]	[illegible]	Feb 2	Yr ago	High*	[illegible]
Govt. Secs. (UK)	105.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	107.60	[illegible]
Fixed Interest	[illegible]	[illegible]	131.47	[illegible]	[illegible]	[illegible]	133.87	[illegible]

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Feb 7	Feb 4	[illegible]	[illegible]	[illegible]
Gilt Edged bargains	152.1	138.1	122.7	96.5	111.3
5-day average	119.7	112.9	114.8	117.5	131.3

UK GILTS PRICES

	Notes	Yield Int	Yield [illegible]	Price £	+ or -	1993/94 High	1993/94 Low
Shorts (Lives up to Five Years)							
Treas [illegible]pc 1994‡‡		14.50	-	100[illegible]		[illegible]	[illegible]
Exch [illegible]pc 1994		13.27	5.01	101¼		109[illegible]	101[illegible]
Treas 10pc Ln. 1994‡‡		9.86	4.94	101[illegible]		105[illegible]	[illegible]
Exch 12½pc 1994		12.03	5.01	103[illegible]		110[illegible]	[illegible]
Treas 9pc 1994‡‡		8.74	4.96	102[illegible]		105[illegible]	102[illegible]
12pc 1995		11.27	4.94	106[illegible]	+[illegible]	111[illegible]	106[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Notes	Yield Int	Yield [illegible]	Price £	+ or -	1993/94 High	1993/94 Low
10pc 2003		8.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 11½pc 2001-4		[illegible]	8.70	[illegible]	[illegible]	[illegible]	[illegible]
Funding 3½pc '99-4		4.24	5.78	[illegible]	[illegible]	[illegible]	[illegible]
Conversion 9½pc 2004		7.56	6.75	120[illegible]	[illegible]	[illegible]	[illegible]
Treas 8½pc 2004‡‡		8.63	6.84	101[illegible]	[illegible]	[illegible]	[illegible]
6¾pc 2004 A (£50 Pd)		8.68	6.59	[illegible]	[illegible]	[illegible]	[illegible]
Conv 9½pc 2005		7.82	6.77	121[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on February 8

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 98	1000	[illegible]	100¼	-⅛	6.40
AlbertaProvince 9⅞ 96	600	[illegible]	109⅛		4.96
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom 7¼ 97	5500	[illegible]	105⅝	-⅛	5.57
Volkswagen Intl Fin 7 03	1000	102⅝	103⅛	-⅛	6.51
World Bank 0 15	2000	27⅜	[illegible]		6.02
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alliance Leics 11⅛ 97 £	100	[illegible]	[illegible]	+⅛	6.16
British Gas 12¼ 95 £	300	107⅛	107½		[illegible]
British Land 8⅞ 23 £	150	[illegible]	104⅞	+⅛	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: [illegible] CONVERTIBLE BONDS: [illegible]

صكذا من الأصل

3i moves into fund management

By Richard Gourlay, Growing Business Correspondent

3i, the UK's largest investment capital company, [illegible] raised a Ecu300m [illegible] fund for investment in continental Europe in a move that takes it for the first [illegible] into the business [illegible] managing funds for other institutions.

The group will co-invest equity with the fund in unquoted [illegible] mainly in France, Germany, Italy and Spain [illegible] already has offices.

Mr [illegible] Cross, international director, said [illegible] UK would remain 3i's core market. But moving into fund management [illegible] an "important strategic venture" for [illegible] that [illegible] probably lead [illegible] other funds being raised and managed.

The fund will be one of the largest ever [illegible] equity investment in continental Europe where the venture capital market is growing more quickly than the more mature UK market.

3i already makes about 25 per cent of its equity investments in continental Europe. It has invested £250m in some 300 continental European companies and believes it [illegible] already the leading independent private equity investor in France and Germany.

Mr Cross said the group's capital base [illegible] not currently proving to be a constraint on [illegible] level of investment while the main European [illegible] remained at the current levels, but by raising the [illegible] the group had increased its flexibility.

The fund will allow 3i more scope to syndicate [illegible] structure more of the equity investments required in the growing European private equity market.

3i, which is owned by the UK clearing [illegible] and the [illegible] of England, was due to float last year, but the issue was pulled [illegible] a number of the shareholders changed their minds.

Yesterday's launch of 3i as a fund manager – a move which will boost the revenue stream in its profit and loss account – has sparked speculation that flotation might [illegible] be moving [illegible] the back burner. [illegible] shareholders will have noticed that venture capital investment trusts are trading at discounts to asset value which are historically very small.

Mr Cross denied the launch of the new European fund had anything to do with plans for [illegible] flotation which remained no more than [illegible] long-term objective.

3i, which is itself contributing Ecu100m to the fund, will have raised the Ecu300m from about nine institutions in Europe, [illegible] and the US, a comparatively small number for the size of fund.

MBO planned at Ferranti plant

By Paul Taylor

Managers from Ferranti International's [illegible] Mill component manufacturing business [illegible] planning [illegible] buy-out [illegible] Oldham-based plant which employs [illegible] had turnover of [illegible]

Ferranti Components, which designs and [illegible] specialist micro-electronic [illegible] nents for [illegible] in defence and [illegible] applications, [illegible] specifically [illegible] included in [illegible] MBO plans covering [illegible] bulk of Ferranti's operations unveiled by [illegible] team of [illegible] in December.

The four-man Cairo Mill buy-out team, [illegible] by Mr Angus Mincher, general manager, and [illegible] by Ernst [illegible] Young, plans to present a bid [illegible] Ferranti's administrative receivers Mr [illegible] McKillop and Mr John Talbot [illegible] Arthur Andersen, early next month. [illegible] backers for the bid [illegible] approached.

The receivers, [illegible] the latest buy-out proposal [illegible] terday, [illegible] appointed [illegible] early December [illegible] GEC [illegible] [illegible] 1p [illegible] bid [illegible] ailing defence electronics [illegible]

Explaining the MBO proposal, Mr Mincher said: "We [illegible] now [illegible] a [illegible] to develop [illegible] business from its existing [illegible] Our order book represents more than a year's work. This [illegible] win back [illegible] confidence which [illegible] inevitably been [illegible] the [illegible] difficult weeks.

"[illegible] will [illegible] looking to develop [illegible] both in existing core [illegible] by [illegible] in [illegible] medium term. We [illegible] a strong [illegible] in [illegible] Oldham plant which we [illegible] develop further."

Mr [illegible] of Ernst [illegible] Young, [illegible] "The [illegible] nents [illegible] ingredients [illegible] ful buy-out, [illegible] product base, blue chip [illegible] and a strong management team."

Separately, it emerged [illegible] terday that the [illegible] receivers have taken the highly [illegible] step [illegible] writing [illegible] the [illegible] Mill employees advising them that they do [illegible] anticipate [illegible] further redundancies, and [illegible] that [illegible] more redundancies employees will be given [illegible] month's notice.

In [illegible] letter Mr [illegible] Gleave, the Manchester-based Arthur Andersen partner responsible for [illegible] plant, [illegible] "I hope [this step] gives [illegible] confidence [illegible] the [illegible] Mill and our ability [illegible] sell [illegible] without any [illegible] job [illegible]"

F&C looks to UK for first time

By Bethan Hutton

Foreign [illegible] Colonial [illegible] launching [illegible] first purely UK-based investment trust in [illegible] 125 year history. The Income [illegible] Investment Trust aims [illegible] achieve long-term income growth [illegible] the [illegible] inflation, and capital growth [illegible] than the [illegible] A [illegible] index.

"Many British companies have now [illegible] their financial position and improved their ability [illegible] pay higher dividends [illegible] longer term," said Mr Jeremy Tigue, director [illegible] Foreign [illegible] Management. Companies included in [illegible] FT-SE [illegible] 350 index [illegible] best placed to benefit from an upturn in the UK and its trading partners.

The fund is [illegible] private investors wanting to hold shares in [illegible] personal equity plan. Dividends will [illegible] paid quarterly, and the warrants, issued on a 1-for-5 [illegible] will be [illegible] a unit [illegible] shares [illegible] the first [illegible] days.

[illegible] public [illegible] period [illegible] from March 1 [illegible] and dealings in the units [illegible] on March 29. The fund will have an initial life of [illegible] years.

Amersham invests £3m in Scitech of Singapore

By Daniel Green

Amersham [illegible] in [illegible] of Singapore in [illegible] develop [illegible] kit [illegible] will speed up [illegible] diagnosis of viral [illegible] such [illegible] hepatitis. [illegible] company's first deal in [illegible] Asia.

[illegible] yesterday that [illegible] expected the kit would be available in about 18 months.

[illegible] insisted the [illegible] did not mark its return [illegible] the [illegible] of medical diagnostics – it sold [illegible] diagnostics [illegible] in 1990 [illegible]

Amersham will [illegible] use the expertise developed in Singapore [illegible] manufacture a kit for [illegible] research laboratories for [illegible] of [illegible] in cells.

[illegible] will [illegible] diagnostics service [illegible] hospitals, [illegible] prevented [illegible] agreement with Amersham from [illegible] the kit, [illegible] Mr Trevor [illegible] Amersham's head [illegible] life [illegible] marketing.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Flem Claverhouse	fin	1.75†	Mar 1	1.6*	5.5	5.35*
Helton	int	0.65‡	Apr 6	0.65	-	[illegible]
Hotspur Invs	fin	7.5	Mar 18	6.6	7.5	6.6
Kleinwort O'seas	fin	1.9	Apr 29	1.8	3.4	3.3
Reuters	fin	19.8	May 3	15.9	26	21.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. *Adjusted for scrip issue. ‡Irish pence.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Ebel, Grosvenor Invs.

Finals- Graham Rintoul Investment Trust, Owners Abroad, Scottish American Investment Trust, Updown Investment.

FUTURE DATES

Interims-

Benson [illegible]	Feb [illegible]
FII	Feb. 21
Intl [illegible]	[illegible]
Westminster Health Care	Feb. [illegible]

Finals-

County [illegible] Inv	Feb. 15
Inveresk	[illegible] 1
Northumbrian Water	[illegible]
Scotts	Mar. [illegible]
USDC Inv Tst	[illegible]
Vektra	[illegible]
Woodchester Invs	Feb. 28

Abtrust to raise size of trust

By Bethan Hutton

[illegible] seeking [illegible] the [illegible] of [illegible] investment [illegible] by [illegible] than 50 per cent with [illegible] conversion [illegible] The trust, which [illegible] in [illegible] Far [illegible] excluding Japan, currently [illegible] £80m.

A [illegible] of the [illegible] shares has already raised £29m, net of expenses, and the public [illegible] which opens today, could raise up [illegible] £15m more. Shares in the trust have been [illegible] at [illegible] premium to net asset [illegible] in the last few months.

C [illegible] will be issued at 250p, with one [illegible] attached to every [illegible] shares, [illegible] at [illegible] between 1997 and [illegible] The C shares will be [illegible] to ordinary shares when 90 per [illegible] the new money has been invested.

Castle Cairn plans policy change

[illegible] Cairn [illegible] Trust [illegible] it was proposing [illegible] change [illegible] investment policy [illegible] direct [illegible] in companies rather [illegible] through [illegible]

[illegible] investment would [illegible] the [illegible] manager [illegible] investments [illegible] a more [illegible] basis, [illegible] said.

The change should result in the company [illegible] reclassified as an [illegible] capital growth trust.

P&O to spend $680m on [illegible] liners

By Gerard Baker

Peninsular and Oriental Steam Navigation, the shipping, transport and property group, announced that [illegible] Cruises, its US-based subsidiary, had placed orders for two [illegible] superliners from Italy's Fincantieri shipbuilding yard.

The ships, with passenger [illegible] and [illegible] cost $295m (£197m) and $385m respectively, [illegible] will [illegible] in 1997.

The [illegible] is a [illegible] ship [illegible] the company's 77,000-ton [illegible] Princess, [illegible] by Fincantieri in January [illegible] The [illegible] is dedicated [illegible] Caribbean market.

The two ships [illegible] being financed with loans at [illegible] per [illegible] over [illegible] years.

P&O, through [illegible] Cruises, [illegible] of the three leading companies in the [illegible] market.

At present it [illegible] ships in [illegible] America, [illegible] largest market, carrying [illegible] annually. It commands a [illegible] per [illegible] of [illegible] Alaskan cruise business but [illegible] behind [illegible] rivals, Carnival [illegible] in [illegible] Caribbean.

Lord Sterling, [illegible] chairman, said the [illegible] market [illegible] grown by about 10 per cent a year for the [illegible] 10 [illegible]

[illegible] research, however, [illegible] only 5 per [illegible] of [illegible] cruise [illegible]

The strengthening economic recovery in [illegible] US [illegible] demand for both Caribbean and [illegible] cruises.

Bookings since the start of the year had risen and passenger [illegible] improved.

In addition [illegible] US market, P&O operates two general cruise ships in Europe and [illegible] in Australia. [illegible] year, [illegible] third [illegible] will begin [illegible] in Europe.

Lord Sterling said that the P&O cruise division was "one of the [illegible] growing and most consistent profit earners and cash [illegible] in [illegible] P&O group".

It [illegible] not publish [illegible] for [illegible] cruise division, but [illegible] to Mr Richard Sanderson, of brokers Panmure [illegible] the passenger shipping division [illegible] likely [illegible] see pre-tax profits rise to about £150m [illegible] the year to [illegible] 31, [illegible] which half will [illegible] from passenger cruises.

Peter Job: US now outweighed City [illegible] London as Reuters' biggest single market

Trevor Humphries

Reuters to build US presence on back of Quotron purchase

By Andrew Bolger

[illegible] Holdings [illegible] its [illegible] decision [illegible] purchase Quotron, the US data services business, was a crucial step in building the UK group's presence in North American equity markets.

Mr Peter Job, Reuters chief executive, acknowledged [illegible] business was "[illegible] in a happy state" and said cancellations already in the pipeline would reduce its customer base from 40,000 terminals to the mid-30,000s – about 20 per cent of the market.

However, Mr Job [illegible] confident [illegible] Quotron [illegible] be improved by injecting Reuters services and infras[illegible] into the network, and that an increasing number of US users would also be interested in the European share information.

Including revenue from Instinet, Mr Job said the US now outweighed the City of London as Reuters' biggest single market. Excluding Instinet, the group said the revenue and profit contribution by [illegible] Americas grew rapidly in 1993. Profits trebled from [illegible] to £37m. Revenue [illegible] by 32 per cent to £285m and by 12 per [illegible] comparable [illegible]

The profits contribution from Europe, Middle East and [illegible] grew by 6 [illegible] by 10 [illegible] £1.08bn, which [illegible] 5 per [illegible] comparable rates.

The Asia/Pacific contribution rose by 27 per cent to £175m with revenue ahead 26 per cent to £385m, a 3 per cent increase [illegible] comparable [illegible]

[illegible] from £710m, reflecting [illegible] year's [illegible] repurchase, [illegible] capital spending and [illegible] spending on acquisitions.

Operating profit [illegible] interest [illegible] by [illegible] to £380m. Interest income declined by [illegible] per [illegible] following [illegible] share repurchase, [illegible] would [illegible] further next year.

Capital expenditure increased by [illegible] per [illegible] £268m, influenced by [illegible] while expenditure on subscriber equipment [illegible] per [illegible] £143m.

NEWS DIGEST

Betacom falls to £103,000

Betacom, [illegible] telephone equipment supplier 66 per [illegible] owned by Amstrad, reported higher interim operating profits, although the rise was constrained by supply difficulties with its new product range.

The group reported operating profits of £43,000 in the six months to December 31 compared with an £8,000 loss on turnover from continuing operations which expanded to £6.91m (£6.67m).

However, interim pre-tax profits fell to £103,000, against £350,000 a year ago when the outcome was boosted by a £213,000 profit on the sale of fixed investments.

Earnings per share fell to [illegible]

Apollo Metals faces 'short-term pain'

Mr [illegible] Hargreaves, chairman of Apollo Metals, told the annual meeting [illegible] balance sheet remained strong, stocks and [illegible] under control, and gearing was relatively low.

However, he saw no reason [illegible] change the view [illegible] expressed in his annual statement that the company may [illegible] to experience further short-term pain in order to achieve its longer-term strategic goals.

Utility Cable starts trading

The £8.75m cash and paper reverse [illegible] of the [illegible] Fitzpatrick companies by Baillie Gifford Technology, [illegible] shell investment trust, was [illegible] an egm. A [illegible] name, [illegible] Utility Cable, became effective on Monday.

The meeting also agreed the placing, rights issue, subscription agreement and issue [illegible] management warrants [illegible] on January 14.

The admission [illegible] 1p ordinary shares and warrants [illegible] the Official List [illegible] dealings began yesterday.

Palmerston reveals funds shortfall

Palmerston Holdings, the loss-making property group whose shares have been suspended at 10p since the beginning of October, yesterday announced [illegible] there was [illegible] deficiency in [illegible] shareholders' funds of about [illegible]

The [illegible] derived mostly from guarantees given in [illegible] of its subsidiary and [illegible] companies, the directors said. In the accounts for the year to [illegible] 31 [illegible] shareholders' funds showed a surplus of £1.78m.

Having failed [illegible] its finances in other ways, Palmerston is continuing with its plan to enter a company voluntary arrangement with its creditors under which [illegible] would refrain from exercising any [illegible] their rights for six months.

During the six months, the [illegible] would [illegible] an investor to inject new capital or pay the creditors. Palmerston feels this would produce a more satisfactory outcome for creditors and shareholders than the alternatives of receivership or liquidation.

Vodafone acquires GMC stake

By Andrew Adonis

Gerry Whent: [redacted] key [redacted] in service [redacted]

Vodafone, [redacted] largest cellular phone operator in the UK, has [redacted] £29.2m for a one third stake in General Mobile Communications, the UK's leading independent mobile telephone service provider, from Compagnie Générale [redacted] Eaux, the French diversified services group.

GMC's main operation is Talkland, which controls about [redacted] branded retail outlets in the UK for [redacted] telephones.

The Talkland [redacted] will [redacted] Vodafone direct [redacted] indirect access to nearly half of its 1m [redacted].

Talkland has about [redacted] subscribers, [redacted] half [redacted] to Vodafone's network. [redacted] VHL, Vodafone's wholly [redacted] service-providing subsidiaries, together have [redacted] Vodafone [redacted].

In addition to the sale price, Vodafone has [redacted] lend GMC [redacted] for [redacted] in Talkland.

Talkland [redacted] continue [redacted] separately, [redacted] Vodafone [redacted] said it had no plans [redacted] acquire [redacted] further [redacted] in GMC. Mr Terry Barwick, Vodafone's director of corporate affairs, [redacted] "This [redacted] over aggressively the independent service providers: it was a good opportunity in its own right."

However, the acquisition marks a further contraction [redacted] independent [redacted] providers, a key [redacted] in the cellular mobile industry [redacted] regulated in the 1980s. Mercury One-2-One, the third cellular network operator which launched [redacted] year, sought from the [redacted] to minimise the role of independent service providers.

The acquisition [redacted] about [redacted] large [redacted] providers without direct [redacted] either Vodafone [redacted] Cellnet, the [redacted] ond largest network operator owned by BT and Securicor.

In 1992 CGE incurred pre-tax losses of £2.6m. It expects a profit for [redacted] tional items.

According [redacted] Mr Gerry Whent, Vodafone [redacted] "service provision [redacted] of the [redacted] UK mobile industry, and Talkland [redacted] of [redacted] key players."

Graham issues pathfinder and shows 25% rise

By Peggy Hollinger

Graham Group, the builders' merchant about [redacted] be demerged by BTR, the industrial conglomerate, [redacted] pre-tax profits ahead 25 per cent to [redacted] last year, [redacted] just 8 [redacted] cent higher at £374m.

Graham, one of the first companies in the building materials sector to come to the market [redacted] for some [redacted] published its pathfinder prospectus [redacted]terday. It is [redacted] listing through the placing [redacted] public [redacted] 114.6m shares and [redacted] expected to have [redacted] market value of between £200m and [redacted].

The [redacted] company has had a [redacted] time in recent years, falling [redacted] the leading position in the builders' merchant league to fourth place with a UK market share of 5 per cent.

Profits have fallen by 60 per [redacted] since the peak in 1989. Mr [redacted] Mills, managing [redacted] said this had been due both to [redacted] and [redacted] pursuit [redacted] volume at the expense of mar[redacted].

Mr [redacted] had [redacted] opportu[redacted] following [redacted] appointment [redacted] new management [redacted] strategic review last year. "We will [redacted] the [redacted] margin by adding value," he [redacted] year, Graham's [redacted] margin declined by [redacted] cent to 21.8 per cent.

[redacted] expected [redacted] £19.6m after the demerger, [redacted] 22 [redacted] cent [redacted] shareholders' funds. Mr [redacted] said this was expected to come down in future, [redacted] spite of a £36m, three-year capital expenditure [redacted].

Capital expenditure [redacted] been significantly [redacted] in the past year [redacted] Graham began [redacted] branches [redacted] rebrand [redacted] group.

Dividend payments [redacted] year [redacted] expected to equal approximately half [redacted] Graham's after-tax profits, which were £12m in 1993 giving earnings of 10.5p (8.1p) per share. Graham intends to pay one third of the dividend at the interim stage.

BTR [redacted] selling Graham [redacted] other distribution businesses [redacted] focus on manufacturing and reduce its [redacted]. Earlier [redacted] year it completed [redacted] £120m disposal [redacted] Group, [redacted] wholesaler.

Anglia Secure to focus on nursing home activities

By Nigel [redacted]

Anglia Secure [redacted] is proposing a series of changes [redacted] drawing from sheltered housing and concentrating on its nursing homes activities.

The company also announced reduced pre-tax [redacted] £7.11m for the [redacted] September 30, against £15.5m. The improvement [redacted] achieved on turnover of £14.1m (£17.5m). Losses per [redacted] (46.9p).

The moves include the disposal [redacted] the sheltered housing business and its [redacted] debt, the acquisition [redacted] two companies in [redacted] contracted nursing home sector, and [redacted] raising [redacted] through a subscription and rights issue.

The shares were suspended [redacted] 12p yesterday [redacted] the changes [redacted] place. [redacted] will [redacted] known [redacted] UK [redacted] per cent owned by Nash, Sells [redacted] Partners, a [redacted] capital company.

Anglia is acquiring the outstanding 72.1 [redacted] holding in [redacted] Healthcare from Nash for 172m shares and Community Health Services from [redacted] and National [redacted] for 100m shares.

The new shares will trade on [redacted] USM. The existing 10p [redacted] being split into 1p ordinaries and 9p deferred. The [redacted] also [redacted] reduce the share capital and share premium [redacted].

Anglia is also retaining its 50.1 per cent interest in Haven Services, its joint venture with Commercial Union.

The sheltered housing activity was financed mainly by bank loans, which amounted to £22.1m at September 30. The recession, high interest rates, and provisions against the fall [redacted] property values have left the [redacted] with [redacted] capital [redacted] reserves of £6.52m. The banks have conditionally agreed to relieve the new company [redacted] with [redacted] housing [redacted].

The [redacted] is offering [redacted] 3-for-2 rights issue at 4¼p [redacted] share. A further [redacted] being [redacted] subscription at [redacted] price. The proceeds will fund a payment of £3.3m to the banks.

As shareholders are not able to take part in the subscription they are being offered warrants on [redacted] 2-for-3 basis, with each warrant entitling holders to buy [redacted] share at 4½p in the future. Nash is offering to buy the warrants at 0.88p.

Simon sells Unichem Intl in drive to reduce debt

By David Blackwell

Simon Engineering, the maker of [redacted] equipment including fire rescue gear, yesterday agreed to sell Unichem International to the Western Company of North America [redacted] $19.8m (£13.2m) cash.

The sale [redacted] part of the group's plan [redacted] £40m through disposals as part of [redacted] cut debt.

Since Mr Maurice Dixson became chief executive in [redacted] boardroom shake-out last Sep[redacted] group debt [redacted] been cut from £148m [redacted] below £120m.

In December, Simon sold its 50 per cent share in TR Oil Services for £6.2m. This disposal, coupled with the sale of Unichem International, substantially ends Simon's involvement in chemical ser[redacted].

Unichem International, based in [redacted] had sales of £30.4m [redacted] profits of £1.3m in 1992, the latest year for which audited accounts are [redacted]. Net assets were [redacted].

NEWS IN BRIEF

SELECT INDUSTRIES: Call of [redacted] per partly paid 7½p share due by January 31 1994 in respect of 142.94m partly [redacted] shares in issue has resulted in Select receiving a total [redacted] of £3.53m. The call will raise £3.57m and thus some 98.8 per cent of total due has been received to date.

TAIWAN INVESTMENT Trust: [redacted] stated that in the recent placing and intermediaries offer [redacted] of 33.75m ordinary shares have [redacted] placed firm [redacted] institutional and other investors and 11.25m [redacted] placed [redacted] to recall to meet valid applications under the intermediaries [redacted] applications were received in [redacted] 11.57m ordinary shares from a total of 46 inter[redacted].

COMPANY NEWS: UK AND IRELAND

Freeman accepts £19m Sheffield Insulations bid

By [redacted]

Sheffield Insulations, [redacted] distributor [redacted] tion and [redacted] products, [redacted] terday [redacted] for [redacted] Group, valuing [redacted] insulation, [redacted] fabrication specialist [redacted]

Mr Bill Forrester, [redacted] chief executive, [redacted] acquisition [redacted] strengthen [redacted] company's UK [redacted] activities, [redacted] would provide "an important [redacted] base in [redacted] Europe."

Sheffield is offering eight [redacted] its ordinary shares for every nine Freeman.

At yesterday's closing price of 288p, up 18p, the offer was worth 256p per Freeman [redacted].

Freeman shares, up 22p to 242p yesterday, were standing at 204p on January 17, the last dealing day [redacted] announcement of a possible offer.

A mix and match [redacted] gives [redacted] the chance to accept instead cash and [redacted] the value of 226p a share.

This would be funded by placing 3.28m new ordinary shares at 256p to raise about £8.3m net of expenses.

The placing, which represents about 5 per cent of Sheffield's existing share capital, is underwritten by Samuel Montagu.

Sheffield said it had already received irrevocable acceptances from Freeman's directors and other shareholders in respect of 4.15m shares, or about 57 per cent of the company.

Holders of the new ordinary Sheffield shares will not receive the final dividend, estimated at [redacted] for the [redacted] ended December.

[redacted], which last year acquired WMS Group [redacted] £52.9m, estimates its pre-tax profits for the year at not less than £9.75m.

[redacted] shareholders will receive [redacted] second interim dividend [redacted] of 4p once the [redacted] becomes unconditional. Freeman estimates its pre-tax profits for the year to end-December at not less than £950,000.

Exceptionals put Elan I£61m in red

By Tim Coone in Dublin

Elan, the Irish drug delivery company, reported a pre-[redacted] loss of I£60.7m (£58.2m) for the nine months to December 31 after exceptional charges of I£85.1m. There were profits of I£13.2m last time.

The result was achieved on turnover 18 per cent higher at I£76.9m (I£65m). Operating profits rose by 43 per cent to I£17.9m.

[redacted] exceptional [redacted] a I£59.3m write-off of [redacted] development [redacted] on [redacted] acquisition [redacted] Drug Research Corporation in July [redacted].

A further I£25.8m related to the flotation of Advanced Therapeutic Systems in a rights offering to shareholders last August, equivalent to a [redacted] dividend payment. Under US rules Elan is classified as a growth stock and not permitted to pay [redacted].

Elan's main listing is in New York, although its headquarters and main manufacturing [redacted] in Ireland. [redacted] also listed in London and Dub[redacted]

Losses per share came out at 176p, against earnings of 41p. Excluding the exceptional costs earnings were 71p.

Parkside to join market with £32.8m price tag

By David Blackwell

Parkside International, [redacted] packaging group that underwent a £3.2m management buy-out five years ago, yesterday finalised its flotation, pricing the shares at 110p to give a market capitalisation of £32.8m.

The company is raising a total of £12m through the sale of 11.04m shares. Of this, [redacted] new money is being [redacted] before expenses from [redacted] of 6.36m [redacted] The remaining shares are being [redacted] by directors [redacted] seni[redacted] management for [redacted] and by investment institutions for £2m.

Mr Geoffrey Stewart, the chief executive who led the MBO from Jarvis Porter, said the new money would be used to continue expansion.

The management would retain 40 [redacted] cent of the company and [redacted] agreed to [redacted] shares for two years, he said. The institutions had agreed not to sell any shares for [redacted] were retaining 22 [redacted] cent.

Parkside specialises in flexible packaging, which uses reels of plastic or paper sheeting, and plastic labels. Among its leading customers are Tate & Lyle, Walkers crisps, Coca Cola and Andrex. It has two factories in Leeds and another, opened in 1992, near Wakefield.

Mr Stewart said the company had spent £6m in upgrading its technology since the MBO and was planning to spend £3.25m on capital investment to end-February 1995, with a further £4m the following year.

In the year to February 28 1993, pre-tax profits were £1.86m [redacted] turnover of £21.9m. The company, which employs 236 people, is forecasting pre-tax [redacted] in the current year of £2.2m. Earnings per share [redacted] estimated at 6.5p, which gives [redacted] prospective p/e of 16.9.

The notional dividend of 3p would give [redacted] gross yield of 3.4 per cent.

Brokers to the issue are Panmure Gordon.

Heiton declines to I£750,000

[redacted] consumer spending and increased competition cut pre-tax profits at Heiton Holdings, the Dublin-based steel stockholder, build[redacted] merchant and DIY retailer, in the six months to October 31, writes Gerard Baker.

Despite [redacted] rise in turnover from I£30.1m to I£31.6m, pre-tax profits dropped 20 per cent from [redacted] to I£753,000 (£722,000).

Mr Diarmuid Quirke, chief executive, said that while the steel [redacted] and builders' merchant division, which accounts for the bulk of the group's business, saw profits rise, the DIY side had had [redacted] more difficult six months.

Weak consumer demand, the growth of capacity in the market and start-up costs associated with the Galway branch of Atlantic Homecare, the main DIY subsidiary, had reduced profits.

Earnings per share were 1.74p (1.9p). The interim [redacted] is held at [redacted]65p.

Mr Quirke said that growing consumer confidence, lower interest rates and new public building projects gave good grounds for optimism.

NEWS DIGEST

Powerscreen makes US acquisitions

Powerscreen International, the Northern Ireland-based maker of screening and stone crushing equipment, is to buy two US businesses, Simplicity Engineering [redacted] Ludlow-Saylor, [redacted] Lukens, [redacted] Pennsylvania-based concern.

[redacted] is $13.5m (£9m) based on net assets acquired of [redacted] but will be reduced or increased dollar for dollar dependent on net assets as set out in the completion balance sheet.

Simplicity, based near Lansing, Michigan, [redacted] heavy-duty material processing systems, while Ludlow-Saylor, based near St Louis, Missouri, produces woven-wire cloth and cast polyurethane [redacted] companies [redacted] combined turnover of $25.2m [redacted] net profits of $1.7m [redacted] 1993.

Hotspur Invs lifts net asset value 30%

Hotspur Investments, the Cazenove-managed trust [redacted] seeks long-term capital growth [redacted] an international portfolio, saw its net asset value [redacted] by 30 per cent, from 354.7p to 462.5p, over the 1993 year.

Attributable revenue improved to £63,585 (£54,366) equivalent to earnings of 10.29p (8.8p) per share. The single distribution for the year goes up to 7.5p (6.6p).

Fleming Claverhouse net assets advance

Net assets per share at Fleming [redacted] advanced [redacted] to 238.3p over the 1993 year.

Net revenue came to [redacted] (£2.23m) resulting in earnings per share of 6.53p (5.54p). A proposed final di[redacted] of 1.75p makes a total of 5.5p, against an adjusted 5.35p.

Westminster Scaffolding

[redacted] Scaffolding Group's financing proposals were approved at an extraordinary meeting held on Monday.

As a result of the restructuring, [redacted] USM-quoted [redacted]ny's equity comprises 448.28m ordinary 1p shares, of which 203.98m were issued to capitalise all outstanding loan stocks totalling £3.52m.

In addition, 188.8m new ordinary shares were issued at 1½p per share pursuant to the plac[redacted] and [redacted] The [redacted] was [redacted] 1.74 [redacted] and excess [redacted] scaled down.

At the EGM, Mr Michael Pelham, chairman, said completion of the fund raising and restructuring had removed [redacted] constraints of the company's loan stocks and had given it the resources to move [redacted] in improving market [redacted]tions provided by the gradual recovery of the UK construction industry.

Fleming Income & Capital Trust

Fleming Income [redacted] Capital [redacted] is [redacted]ing an offer of conversion shares to increase its size.

The directors said that any such offer would be structured in such [redacted] way that there would be no dilution of the net asset [redacted] of the existing shares and units and no [redacted] in [redacted] cover of the [redacted] zero [redacted] preference shares.

Suter lifts J Wilkes stake to 29.53%

Suter, the industrial conglomerate, has bought a further 1.53m shares (8.7 per cent) in James Wilkes, the specialist engineer, bringing its holding to 5.21m shares (29.53 per cent).

[redacted] were for investment purposes and it had made no decision about its next course of action.

US Smaller Cos beats benchmarks

US Smaller Companies Investment Trust reported net asset value of 158.6p per share basic and 148.8p per share fully [redacted] as at [redacted] 31.

The figures compared with respective values of 137.8p and 131.5p a year [redacted].

The trust, which seeks long-term capital growth, said its sterling-based return had risen 12.4 per cent over the six month period. This translated into an 11.3 per cent advance in dollar terms, comfortably beating its benchmarks.

The net surplus of £197,000 (£19,000) was transferred to the revenue reserve. Earnings per [redacted] were 0.4p (0.09p) on increased capital.

BTR confirms Canadian sale

[redacted] BTR yesterday confirmed the sale of the company's 59 per cent holding in Hawker Siddeley Canada.

The divestment, by way of a public offering, was announced in January and the sale proceeds will amount to [redacted] (£62m).

[redacted]

in England and Wales.

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.29	18.11	18.11
0100	[redacted]	23.32	24.44
0130	[redacted]	23.57	24.79
0200	[redacted]	23.57	24.79
0230	18.80	23.57	24.79
0300	19.91	23.57	24.79
0330	18.31	23.57	24.79
0400	17.34	23.57	24.79
0430	17.19	23.57	24.79
0500	17.17	22.94	24.08
0530	17.19	22.93	23.75
0600	17.29	22.08	23.76
0630	17.18	22.93	23.76
0700	19.01	22.94	24.16
0730	20.09	22.97	24.79
0800	20.10	23.10	24.32
0830	20.11	23.44	24.65
0900	21.09	23.61	24.88
0930	21.05	23.91	[redacted]
[redacted]	21.09	23.91	25.13
[redacted]	21.09	23.91	25.13
[redacted]	21.04	27.89	29.09
1130	21.84	27.89	25.10
[redacted]	21.84	[redacted]	29.55
[redacted]	21.03	[redacted]	29.55
[redacted]	21.01	[redacted]	29.54
1330	20.10	[redacted]	29.51
1400	20.01	27.00	29.05
1430	17.49	23.91	25.13
1500	17.42	23.61	24.83
1530	17.42	23.47	24.69
1600	17.49	23.97	25.29
[redacted]	23.58	38.49	[redacted]
[redacted]	25.81	38.39	[redacted]
[redacted]	44.70	38.59	[redacted]
[redacted]	44.93	[redacted]	40.11
1830	49.98	[redacted]	30.22
1900	23.98	[redacted]	29.90
1930	21.24	[redacted]	26.54
2000	21.05	[redacted]	[redacted]
2030	20.70	[redacted]	24.41
2100	20.37	23.20	24.41
2130	19.82	23.17	24.39
2200	19.82	23.17	24.39
2230	17.37	23.17	24.39
2300	17.20	23.17	24.39
[redacted]	17.16	22.73	23.95
[redacted]	17.18	18.09	18.09

[illegible]

LEGAL NOTICES

Notice of application for variation of appointment[redacted]

ESSEX WATER PLC

Pursuant to Section 8(2) [redacted] Water Industry Act 1991. Essex Water Plc registered in England with Registered Number: [redacted]

This Notice is issued in accordance with Section 8(2) of the Water Industry Act 1991. Application has been made to the Director General of Water Services for the variation of appointment of Essex Water plc ("Essex") to extend the areas to which that appointment relates to cover the areas presently served by Suffolk Water plc ("Suffolk"). If the variation applied for is granted Essex will, upon the variation coming into force, become the water undertaker for the areas presently served by Essex and Suffolk and Suffolk's appointment as a water undertaker shall cease. The application for the variation of Essex's appointment is part of a number of proposals agreed by the Board of Essex and the Board of Suffolk and announced on 8 February 1994, as a further step in the integration of the two companies which commenced in August, 1991, when they decided to integrate the management and day to day operations of Suffolk with that of Essex. The decision to integrate these operations was made in order to improve the existing standard of service to customers and for greater efficiency and to that end the management teams have since been integrated. The merger of Essex and Suffolk is to be carried out in two stages. Firstly, Essex will acquire the issued ordinary share capital of Suffolk with Suffolk ordinary shareholders receiving Essex ordinary shares in exchange and/or a cash alternative and the holders of existing debenture stocks of Suffolk receiving, in the case of its holders of redeemable debenture stock, new substitute Essex debenture stocks and, in the case of its holders of perpetual debenture stocks, cash. This reorganisation will be carried out by means of a Scheme of Arrangement under section 425 of the Companies Act 1985 proposed by Suffolk. The Scheme requires the approval of each class of Suffolk ordinary shareholders and debenture stockholders and (as a requirement under the listing rules) shareholder approval of the Scheme is also being sought at meetings of both Suffolk and Essex convened for that purpose. The Scheme also requires the sanction of the Court. If the proposed Scheme becomes effective then, subject to the variation of appointment becoming effective, all of the trade, assets, rights and liabilities of Suffolk will be transferred to Essex by way of a transfer scheme in accordance with Schedule 2 of the Water Industry Act 1991. The transfer scheme (which is subject to the approval of the Director General of Water Services) will take effect on the same day that the variation of appointment comes into force. Essex is also seeking shareholder approval for a change of name to Essex and Suffolk Water plc, conditional upon the Court sanctioning the Scheme and the variation being granted. If these conditions are satisfied the water company supplying the areas currently supplied by Essex and Suffolk will be known as Essex and Suffolk Water plc. Any enquiries relating to the above application may be made, during normal working hours, to: Johnathan Lowe, Essex Water plc, Hall Street, Chelmsford, Essex CM2 0HH Tel: 0245 491234

UES – cut, rolled but far from finished

State subsidies are still a threat to private steel companies, reports Andrew Baxter

Red hot and still molten inside, two continuous "blooms" [redacted] newly-made steel snake their way out [redacted] £75m [redacted] complex [redacted] UES Steels' [redacted] in Rotherham on their way to be cut, rolled and finished.

The continuous caster and related plant, commissioned in 1989, is the most visible sign of some £250m of capital spending made by UES [redacted] it [redacted] formed in 1986 from the merger of the engineering steel interests of GKN and the former British Steel Corporation.

The boost to productivity it provides is one reason why Mr David Stone, managing director [redacted] UES Steels, says the company is "probably the larg[redacted] but definitely the leading" European producer [redacted] engi[redacted] steels – specialist steels used in forged automotive parts such as crankshafts and axle beams and in everything from downhole boring to general machining.

Mr Stone is less happy, however, about some of the external factors affecting the company. "[redacted] subsidies [redacted] keeping companies going which should shut," [redacted] says. "They are threatening the viability [redacted] private companies which are more efficient."

In spite of December's Brussels agreement on state subsidies in Europe's steel industry – [redacted] involved Sidenor of Spain, one of UES's competitors – Mr Stone is not confi[redacted] resolved. Like many in British industry he wants the European Commission to show more teeth in applying the rules banning subsidies, and in particular to prevent further subsidies being allowed rather than reacting after the event.

For a company such as UES these are not just political debating points: the subsidies issue is directly relevant [redacted] performance [redacted] company and [redacted] prospects of its employees.

FIVE-YEAR RECORD [redacted] UES	External [redacted]	Pre-tax profits [redacted] (£m)	Steel [redacted] (000 tonnes)	Employees [redacted]
[redacted]	686	52.7	[redacted]	11,123
[redacted]	[redacted]	67.3	1,957	[redacted]
[redacted]	734	52.5	1,686	9,446
[redacted]	551	1.9	1,213	8,334
[redacted]	565	(8.3)	1,317	8,106

The continued existence of subsidised producers is one [redacted] why prices [redacted] scrap – the main raw material for companies such as UES – have risen, says Mr Stone. "They can pay more than they need for scrap".

When UES was forced to cut jobs last year, it blamed unfair competition [redacted] by subsidies to some of its competitors, along with scrap prices – [redacted] from about £50 [redacted] tonne to £90 a tonne in the past 12 months – and the high cost of electricity in the UK. UES makes its steel by putting scrap into electric arc furnaces. "Subsidies, scrap and electricity prices are absolutely fundamental," says Mr Stone. The company's Templeborough steelworks in Rotherham, [redacted] in November with the loss of 250 jobs, could be seen as [redacted] casualty of the European steel scene, he [redacted]

As if that was not enough, UES is also embroiled in a [redacted] dispute involving its exports to the US of leaded bar – steel to which lead is [redacted] more easily [redacted]. This [redacted] is normally worth some £30m a year. It is appealing against anti-dumping and countervailing duties, which have reduced its US exports of the product by one third.

Then there is the recession in the UK and continental Europe which, along with overcapacity in the engineering steels sector, has depressed selling prices. With about 80 per cent of group sales going to [redacted] industry, UES has to deal with powerful customers in [redacted] buyers' market.

The result was [redacted] pre-tax loss of £8.3m on sales of £565m in 1992 [redacted] UES Holdings, which groups the steel, forging [redacted] other closely-related interests.

The deficit was the first for the company, and the recession [redacted] all its [redacted]. But the steel division in particular [redacted] feeling [redacted], says Mr Stone, and is still trading at a loss. The size of UES, and its position in the Euro[redacted] market, [redacted] important for the UK steel industry as a whole, as well as to shareholders in British Steel and GKN, which own 60.9 per cent and 39.1 per cent respectively in UES Holdings.

The company was by far the [redacted] government-sponsored "Phoenix" reorganisations of the steel industry in [redacted] mid-1980s, and after the closures of the past 20 years virtually is the UK engineering steels industry.

It [redacted] shakily, [redacted] Mr Stone, but things went well for [redacted] with profits peaking at £67.3m on sales of £814m [redacted] 1989. Since then, he says, "things have gone off the boil".

Not surprisingly, perhaps, the two owners have been taking an increasing interest in their progeny: in September they amalgamated the UES Holdings executive committee into its board structure to improve communications with the businesses. As a result, the company has a part-time non-executive chairman, Mr Don Ford, but no chief executive – Mr Graham Mackenzie, the former incumbent, left by mutual agreement when the changes [redacted] announced.

[redacted] situation [redacted] difficult [redacted] UES Holdings, it does have [redacted] number of things in its favour. As at British Steel itself, there has been a relentless drive to cut costs.

The workforce has been reduced from more than 11,000 at the end of 1988 to about 7,000 at the end of last [redacted]. As early as 1990, UES grasped the nettle and closed the Brymbo steel works at Wrexham, with the loss of 1,100 jobs.

Nearly four years later the retrenchment is continuing and 400, mainly staff, jobs are going in the steels division – about 10 per cent of the remaining workforce. But Mr Stone says no further cuts are planned.

However, the company has also grown. It has made a string of acquisitions since 1986, upstream in certain strategically important parts of the [redacted] down-stream in stockholding and in bright bar – a shiny steel processed from "black" engineering steel and used in hydraulic and other applications.

It has a seemingly impregnable hold on the UK engineering steels market, with a share of about 68 per cent. Its output of about 1.5m tonnes of steel from Aldwarke and from the smaller, more specialised steelworks [redacted] Stocksbridge, north-west of [redacted], is enough [redacted] serve [redacted] UK mar[redacted] and leave room to exploit export opportunities.

On the back of the company's investments and cost-efficiency, the outlook Mr Stone foresees for UES Steels is growth relative to the market, which has a long way to go to match capacity, he says.

His hope is that weaker players in the European industry will fall by the wayside, allowing UES to raise its market share even if the amount of steel it produces does not rise.

David Stone: hopes that weaker players will fall by the wayside

NEWS IN BRIEF

BIRKBY: shareholders have approved resolution to reduce share premium account and the write-off of goodwill against special reserve.

BOC DISTRIBUTION Services has acquired Onward Transport, a family-owned transport company based in Ackworth, West Yorkshire, for an undisclosed sum.

HALKIN HOLDINGS received applications for its recent rights issue in respect of 2.74m shares (46.9 per cent). Balance placed at premium.

KINGSLEY & FORESTER: Pre-tax losses £158,000 (£106,000) for six months to September 30 on turnover of £23.3m (£22.7m). Losses per share 0.42p (0.28p).

MICKLEGATE: negotiations with a private property company, announced last June, have been terminated. Directors are in talks with another party and have requested the Stock Exchange to continue share suspension.

NOREX AMERICA in which Norex, the financial services group, has a 48 per cent stake reported net income of \$5.73m (£3.82m) for the three months to December 31, against \$27.8m, for earnings per share of \$0.94 (\$4.55). Net income for the six months was \$8.56m (\$30.8m).

SHERWOOD COMPUTER Services is selling a division of its investment management systems and service business to DST Clarke & Tilley for £110,000 cash.

COMMODITIES AND AGRICULTURE

Alusuisse's Essen plant to close permanently

By Kenneth Gooding, Mining Correspondent

Alusuisse-Lonza [illegible] make the [illegible] permanent aluminium output [illegible] be announced following the agreement by [illegible] the world's [illegible] aluminium-producing countries to [illegible] global annual supply.

The Swiss group is to shut its smelter at Essen in Ger[illegible] with the loss of 400 jobs. [illegible] smelter [illegible] an annual capacity [illegible] about [illegible] tonnes but recently has [illegible] producing only between 40,000 and 50,000 tonnes.

Alusuisse [illegible] the smelter has [illegible] substantial [illegible] and [illegible] if [illegible] producing countries and the Commonwealth [illegible] Independent [illegible] can put into [illegible] agreements on desired production cuts, no significant improvement can [illegible] expected for the foreseeable future in the situation for [illegible]tral European aluminium smelters".

As the [illegible] the news from [illegible] and the overnight statement from [illegible] (the Aluminium Com[illegible] of America) [illegible] it would immediately cut annual output by another [illegible] aluminium's price on the London Metal Exchange [illegible] $1,310 [illegible].

LME WAREHOUSE STOCKS (As [illegible])		
Aluminium	+5,025	to [illegible]
Aluminium [illegible]	+240	[illegible]
Copper	−100	to [illegible]
Lead	[illegible]	[illegible]
Nickel	+414	to [illegible]
Zinc	[illegible]	[illegible]
Tin	+120	[illegible]

However, [illegible] selling of most LME [illegible] aluminium in quiet conditions [illegible] the price fell back to [illegible] at [illegible], down [illegible] a tonne. Analysts said [illegible] prices [illegible] for a [illegible] recent sharp rises. [illegible] the market [illegible] quieter [illegible] usual [illegible] the [illegible] Year.

[illegible] previously [illegible] its [illegible] and is [illegible] only with two, one in Iceland, producing [illegible] a year, and the [illegible] in Norway, producing an [illegible]. It [illegible] it [illegible] plans to [illegible] output [illegible] these plants.

[illegible] new cuts, [illegible] result in a first-quarter charge, [illegible] Rockdale, Texas, and Wenatchee, Washington, [illegible]ers.

Analysts suggested that Pechiney's Venthon [illegible] in France, producing [illegible] a [illegible] another [illegible] in Europe [illegible].

Australian producer cuts iron ore price

By Nikki Tait in Sydney

Hamersley Iron, the [illegible] Australian iron [illegible] producer yesterday announced that it would cut iron ore price by an [illegible] of 7.6 per cent, following the annual round of negoti[illegible] the Japanese [illegible] mills.

Hamersley, part of the CRA group, said that the price of lump ore would decline by 5.9 per cent to 33.26 US cents a dry long ton unit, while the price of fine ore would fall by 9.5 per cent, to 25.66 cents. This gives a weighted average decrease of 7.6 per cent. The minimum volume to be delivered has been set at 19m tonnes – the same as last year.

This is the third successive year of price cuts. At the beginning of 1993, the price of fine ore fell by 11 per cent, and lump, by 9 per cent.

Hamersley admitted that the negotiations had been "unusually complex and lengthy", and stressed that "agreement should be seen in the context of the parlous state of the Japanese economy".

"The combined losses of the Japanese mills will exceed Y240bn this year and they are forecasting further reductions in steel production and iron ore demand next year. Furthermore, the fact that suppliers of [illegible] raw [illegible] already granted significant price [illegible] only serves to [illegible] buyers' expectations", said Mr Roddy Kinkead-Weekes, Hamersley's [illegible]ing director for [illegible] marketing.

[illegible] a reference [illegible] the recently-an[illegible] price [illegible] with the Japanese mills, [illegible] producers take price [illegible] of [illegible] per [illegible].

Hamersley described the iron ore deal as "mutually satisfactory" under the circumstances – a view generally shared by analysts, and CRA shares rose [illegible] cents [illegible] A$19.26.

Indian tea re-export plan angers growers

By Kunal Bose in Calcutta

The Indian tea industry is up in arms about a proposal to import tea into the country for blending with the locally grown tea and re-export. [illegible]ers fear such a move could debase the quality image of the country's tea.

The idea has been around for some years, but the prospect is now looming larger following the commerce ministry's decision to canvas industry opinion about it.

Tea processing units located in the export processing zones are already allowed to import tea for re-export in packets, tea bags or in instant form with a minimum value addition of 20 per cent. But according to Mr S.K. Bhasin, vice chairman of the Indian Tea Association this "has not yielded any worthwhile result".

Tea blenders and exporters maintain, however, that it should be possible to find fair tea in the world market at lower than $1.10 a kilogram, the present average price for south Indian tea.

Mr Mumtaz Ahmad, director of Mcleod Russel, does not agree. "The tea that is available at less than $1 a kilogram is fibrous and stalky," he says. "Much of this tea in India will be treated as waste tea. Therefore, if we import such tea and blend it with Indian tea for re-export, then our tea will get a bad name in the world market."

Mr R.K. Krishna Kumar, managing director of Tata Tea, estimates that India generated about 35m kg of tea waste in 1993 in the course of producing over 755m kg of marketable tea.

"Not many gardens in the country have the expertise to extract tea solids from tea waste," he says. "The tea solids which are water soluble are used to make instant tea. Till now, we are using only a small portion of the tea waste to extract tea solids and caffeine. India is the only tea producing country in the world which strictly enforces quality standards and does not permit the marketing of tea waste. We must not allow the import of tea waste in the name of fair tea."

The tea producing industry feels that once the import of bulk tea is allowed the import[illegible] will [illegible] government [illegible] let them sell some [illegible] it, blended with Indian tea, in the [illegible] market. Units in the export processing zones [illegible] generally allowed to sell 25 per cent of their production in the domestic market. However, the value-added tea produced from imported tea is not allowed to be marketed within the country.

According to Mr Ahmad: "If low value foreign tea finds its way into the Indian market, it will spell disaster for teas grown in south India, Dooars, Terai and Cachar".

Mr Bhasin rejects the conten[illegible] import lobby that "the re-export [illegible] tea to [illegible] in bulk will supple[illegible] present export of around 200m kg". He thinks such a move would simply lead to replacement of Indian tea [illegible] with teas from other countries. "The government [illegible] forget," he warns, "that India generally has a surplus of over 300m kg [illegible] tea which must be exported if there is not to be a crash in tea prices."

However, Mr S.M. Datta, chairman [illegible] Hindustan Lever, argued [illegible] convention organised [illegible] year by the con[illegible] committee [illegible] plantation associations that India [illegible] annual per [illegible] sumption of the beverage was a "negligible" 630g, should take steps to "accelerate the growth of domestic tea consumption, which would allow the mopping up of the relatively low quality surpluses of Indonesia, Kenya and Malawi".

He suggested that this would make room for the higher quality and higher priced [illegible] from India in the [illegible] market "without setting off a price war".

NFU warned against protectionism

By Alison Maitland

The European farming industry [illegible] abandon protectionism against agricultural imports from [illegible] Europe, Sir Leon Brittan, EU trade commissioner, [illegible] yesterday.

Sir Leon, addressing [illegible] annual meeting of the National [illegible] Union [illegible] England [illegible] Wales, [illegible] relations with [illegible]ern Europe [illegible] of the [illegible] important [illegible] facing agriculture [illegible] EU in [illegible].

[illegible] warned [illegible] consequences" if [illegible] EU [illegible] help its [illegible] European neighbours [illegible] a peaceful transition [illegible] mature [illegible] and stability.

"In [illegible] longer term, [illegible] likely [illegible] parts of central and [illegible] Europe will [illegible] from exporting onto [illegible] world [illegible] without subsidy, [illegible] they [illegible] potential [illegible] tremendously [illegible]cient," [illegible] "This [illegible] a prospect which has to be confronted with [illegible] and generosity, [illegible] with [illegible] protectionism."

Concern about [illegible] influx of cheap imports [illegible] Europe [illegible] maintained [illegible] on farm products in [illegible] agreements [illegible] give preferential [illegible] treatment to Poland, Hungary, [illegible] Czech and [illegible] republics, [illegible] Bulgaria.

The UK [illegible] fruit [illegible] is currently worried about [illegible] imports of fruit pulp [illegible] processing. Mr [illegible] Hadley, a senior agriculture ministry [illegible] the meeting, admit[illegible] prob[illegible] but [illegible] EU [illegible] Europe [illegible] "pretty [illegible]".

Sir Leon, [illegible] by [illegible] in [illegible] by [illegible] foreign [illegible]ters' meeting, [illegible] Poland, Hungary, [illegible] and Bul[illegible] depended heavily on agriculture.

But these sectors [illegible] undergoing upheaval. "Production [illegible] have fallen, privati[illegible] is changing [illegible] of [illegible] the type [illegible] farm[illegible] is practised, previous [illegible] and distribution [illegible] disappeared," he [illegible].

[illegible] EU [illegible] help efficient restructuring by offering expertise [illegible] funds [illegible] by gradually increasing [illegible] and refraining [illegible] harmful practices.

"For example, [illegible] carefully [illegible] system [illegible] export refunds," [illegible] Leon. "We [illegible] recently [illegible] on apple exports [illegible] Czech [illegible] Slovak Republics [illegible] exports [illegible] problems for local apple producers."

[illegible] sought [illegible] reassure EU [illegible] that [illegible] agricultural policy support to con[illegible] unchallenged for [illegible] years, [illegible] the "peace clause" agreed [illegible].

[illegible] he [illegible] one of [illegible] aims of future direct aid to farmers [illegible] protect [illegible] environment.

Joint venturers to develop Argentine mine

By John Barham in Buenos Aires

Australia's MIM Holdings and International Musto Explorations of Canada have announced they will jointly develop Argentina's first world class mine in a $600m project.

[illegible] Bajo de la Alumbrera copper and gold mine in the [illegible] foothills, 1,000km north-west of Buenos Aires, is [illegible] to [illegible] the [illegible] its kind in [illegible] and one of the ten largest in the world.

Musto completed [illegible] month feasibility study of Bajo [illegible] established reserves of 5.8bn lb of copper and 10m troy ounces of gold, giving the mine a life of at least 20 years.

Argentina's Andes are believed to have geology similar to Chile, which has a major mining industry. But development was until recently hampered by restrictive legislation, political and economic turbulence and lack of a local mining tradition. Last year Argentina reformed its mining laws, scrapping controls on foreign investment.

Mr Lukas Lundin, Musto's president, said the open cast mine would begin production in 1997 at an initial rate of 200m lb of copper and 470,000 ounces of gold a year. He expects a return on investment of at least 15 per cent. The companies have signed a letter of intent and plan to sign a contract in March.

The mine will be developed as a 50:50 joint venture with MIM responsible for operating and financing the project. Mr Phil Wright, MIM's executive general manager for corporate development, said MIM would provide $240m for the project, with the remainder coming from bank project financing.

The property belongs to the state-owned YMAD mining corporation, which will take a 20 per cent share of net profit. Musto holds 100 per cent tenancy of the mine.

The government has promised not to change the project's tax treatment for 30 years, exempted import duties for equipment and placed a 3 per cent cap on royalties.

MARKET REPORT

Charts send gold and silver prices down further

The main precious metals prices extended this week's falls yesterday as charts pointed to tests of the bottom ends of their recent ranges. The GOLD price closed $4.30 down at $380.40 a troy ounce while silver was off 11 cents at [illegible] trader suggested gold could test support at $375. "It will be an almighty battle to stop it falling further," he added.

At the London Commodity Exchange COFFEE and COCOA prices both ended the day [illegible] after coffee steadied itself late in the session following a slide prompted by selling [illegible] York. [illegible] said [illegible] initial [illegible] had [illegible] inspired by a classic case of "buy the rumour, sell the fact" as the New York market fell after confirmation of a sharp fall in certified stocks.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1274-5	1298-6
Previous	1280.5-1	1300-1
High/low		1310/1290.5
AM Official	1283-3.5	1304.5-5
Kerb close		1293-4
Open int.	57,351	
Total daily turnover	273,971	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1129-33	1148-52
Previous	1140-2	1160-2
High/low		1165/1145
AM Official	[illegible]	1158-9
Kerb close		1150-5
Open int.	386	
Total daily turnover	3,348	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	498.5-9.5	512-2.5
Previous	506.5-7.5	519-20
High/low	501.5	519/512
AM Official	501.5-2	514.5-5
Kerb close		[illegible]
Open int.	7,790	
Total daily turnover	34,242	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5770-80	5835-40
Previous	5810-20	5875-85
High/low	5770	5900/5810
AM Official	5760-70	5820-5
Kerb close		5830-5
Open int.	13,473	
Total daily turnover	54,839	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5325-35	[illegible]
Previous	5370-80	[illegible]
High/low		[illegible]
AM Official	5350-60	5405-10
Kerb close		5370-80
Open int.	4,218	
Total daily turnover	19,503	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	983.5-4.5	1003-4
Previous	1003-4	1023.5-4
High/low		1020/999
AM Official	[illegible]	1005.5-6.5
[illegible]		999-1000
Open int.	24,441	
Total daily turnover	[illegible]	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1871.5-2.5	1895-6
Previous	1871.5-2.5	1894-5
High/low	[illegible]	[illegible]/1892
AM Official	1877-8	[illegible]
Kerb close		1893-4
Open int.	40,988	
Total daily turnover	[illegible]	

■ LME AM Official £/$ rate: 1.4738
LME Closing £/$ rate: 1.4710

Spot:1.4720 3 mths:1.4652 6 mths:1.4598 9 mths:1.4558

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int.	Vol.
Feb	86.65	-2.75	88.25	86.50	478	49
Mar	87.05	-2.15	89.00	86.80	36,389	[illegible]250
Apr	86.70	-1.95	88.10	[illegible]	778	3
[illegible]	[illegible]	[illegible]	88.50	86.60	[illegible]	[illegible]
Jun	86.75	[illegible]	-	-	[illegible]	1
Jul	86.60	-2.10	[illegible]	86.80	6,587	[illegible]
Total					[illegible]	7,053

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	380.20-380.60	
Opening	[illegible].10-380.50	
Morning fix	380.45	258.957
Afternoon fix	380.55	258.930
Day's High	381.10-381.50	
Day's Low	379.50-379.90	
Previous close	384.50-384.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.83	6 months	2.99
2 months	2.85	12 months	3.12
3 months	2.89		

Silver Fix	p/troy oz.	US cts equiv.
Spot	354.25	522.50
3 months	358.55	526.65
6 months	[illegible]	531.15
1 year	371.20	541.55
[illegible]	$ price	£ equiv.
Krugerrand	[illegible]	257-260
Maple Leaf	390.40-392.90	-
New Sovereign	89-92	60-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int.	Vol.
Feb	382.3	+3.4	381.1	[illegible]	[illegible]	[illegible]
Mar	382.8	+3.4	-	-	18	5
Apr	384.1	+3.4	384.1	381.2	89,941	34,887
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.) [illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) [illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.) [illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel) [illegible]

■ CRUDE OIL IPE ($/barrel) [illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls) [illegible]

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int.	Vol
[illegible]	144.50	[illegible]	[illegible]	143.25	[illegible]	5,164
Mar	145.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	+0.50	146.00	144.25	14,635	[illegible]
May	144.75	+1.00	145.00	143.50	[illegible]	2,199
Jun	144.75	+0.75	[illegible]	[illegible]	[illegible]	415
Jul	[illegible]	+1.00	145.50	145.00	[illegible]	455
Total					116,887	18,657

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int.	Vol
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10,968
Apr	2.230	+0.053	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	13,101	[illegible]
[illegible]	2.175	+0.080	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	2.165	+0.058	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	+0.044	[illegible]	[illegible]	[illegible]	441
Total					[illegible]	[illegible]

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int.	Vol
Mar	[illegible]	+0.51	[illegible]	[illegible]	[illegible]	14,174
Apr	[illegible]	[illegible]	[illegible]	46.40	31,842	[illegible]
May	[illegible]	[illegible]	47.50	[illegible]	[illegible]	1,781
Jun	47.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	47.70	+0.20	[illegible]	[illegible]	[illegible]	431
Aug	[illegible]	-	-	-	[illegible]	461
Total					115,846	23,761

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int.	Vol
[illegible]	97.65	-0.25	[illegible]	[illegible]	1,259	[illegible]
May	98.35	-0.30	98.50	98.40	1,612	40
Jun	98.35	[illegible]	98.60	98.40	206	20
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel) [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) [illegible]

■ BARLEY LCE (£ per tonne) [illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel) [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) [illegible]

■ POTATOES LCE (£/tonne) [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Close	Prev	High	Low	Open int.	Vol
Feb	1143	-20	1150	1150	[illegible]	84
Mar	1160	-20	1170	1160	[illegible]	79
Apr	1210	-10	1215	[illegible]	1,118	114
Jul	[illegible]	-15	1250	[illegible]	204	41
Oct	1250	-5	1245	1245	[illegible]	6
Jan	1230	-14	-	-	74	-
Total					2,185	336

	Close	[illegible]
[illegible]	[illegible]	[illegible]

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int.	Vol
Mar	873	+15	[illegible]	867	29,736	[illegible]
May	[illegible]	+12	887	876	18,320	[illegible]
Jul	[illegible]	+13	[illegible]	893	11,489	423
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes) [illegible]

■ COCOA (ICCO) (SDR's/tonne) [illegible]

■ COFFEE LCE ($/tonne) [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) [illegible]

■ COFFEE (ICO) (US cents/pound) [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) [illegible]

■ WHITE SUGAR LCE ($/tonne) [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int.	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	+1.85	77.70	[illegible]	18,989	4,186
Jul	[illegible]	+1.52	77.85	[illegible]	9,655	1,738
Oct	72.50	+0.95	72.30	71.25	[illegible]	[illegible]
Dec	[illegible]	+0.67	[illegible]	[illegible]	[illegible]	580
Mar	70.45	[illegible]	-	-	239	[illegible]
Total					57,574	10,588

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int.	Vol
Mar	103.95	+0.85	104.40	102.85	9,992	352
May	[illegible]	+0.80	107.10	105.80	[illegible]	634
Jul	108.95	+0.80	110.00	109.00	[illegible]	126
Sep	111.95	[illegible]	[illegible]	[illegible]	430	13
Nov	113.95	+0.80	-	-	[illegible]	[illegible]
[illegible]	115.95	[illegible]	116.15	115.15	[illegible]	1
Total					[illegible]	1,143

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int.	Vol
Feb	72.125	-0.025	72.475	[illegible]	13,176	[illegible]
Apr	74.925	+0.100	75.175	74.725	36,264	[illegible]
Jun	73.600	+0.200	73.750	73.400	20,046	2,900
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int.	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	54.350	54.125	2,868	188
[illegible]	52.400	-0.175	52.675	52.350	2,435	132
[illegible]	48.350	-0.100	48.600	48.250	1,424	15
Total					[illegible]	[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int.	Vol
Feb	[illegible]	-0.825	59.700	58.400	1,401	140
[illegible]	58.750	[illegible]	59.050	58.500	[illegible]	1,142
May	59.375	-0.875	60.450	[illegible]	4,808	[illegible]
Jul	[illegible]	-0.850	60.400	[illegible]	[illegible]	[illegible]
Aug	57.150	-0.475	57.800	57.150	458	81
Total					11,744	[illegible]

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1275	64	75	43	56
1300	[illegible]	65	58	[illegible]
1325	35	55	71	[illegible]
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
1850	[illegible]	100	33	[illegible]
1900	[illegible]	73	[illegible]	[illegible]
1950	26	[illegible]	[illegible]	[illegible]
■ COFFEE LCE	[illegible]	[illegible]	[illegible]	[illegible]
1150	[illegible]	95	1	25
1200	27	[illegible]	6	45
1250	6	[illegible]	37	73
■ COCOA LCE	Mar	May	Mar	May
850	30	62	7	28
875	15	[illegible]	17	39
900	6	[illegible]	33	53
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
1400	21	-	10	40
1450	6	32	-	72
[illegible]	2	18	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per [illegible]) +or-

		+or-
Dubai	[illegible]	-0.085
Brent Blend (dated)	[illegible]	-0.52
Brent Blend (Mar)	[illegible]	[illegible]
W.T.I. (1[illegible] est)	$15.22-5.27w	[illegible]

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium [illegible]	$151-152	
Gas Oil	$148-149	+0.6
Heavy Fuel Oil	$77-79	+1
Naphtha	[illegible]	
[illegible] Fuel	[illegible]	

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	[illegible]	[illegible]
Silver (per troy oz)♣	[illegible]	-21.0
Platinum (per troy oz.)	$389.35	-2.15
Palladium (per troy oz.)	$130.60	[illegible]
Copper (US prod.)	94.0c	
Lead (US prod.)	35.00c	-1.88
Tin (Kuala Lumpur)	14.50r	-0.05
Tin (New York)	[illegible]	[illegible]
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.09p	+0.37*
Sheep (live weight)†♣	110.09p	+2.83*
Pigs (live weight)	[illegible]	+3.23*
Lon. day sugar (raw)	[illegible]	-2.80
Lon. day sugar (wte)	$308.70	-1.20
Tate & Lyle export	[illegible]	[illegible]
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£128.0	
Wheat (US Dark [illegible])	£143.5	
Rubber (Mar)♥	64.00p	+0.50
Rubber (Apr)♥	[illegible]	+0.50
Rubber(KL RSS No1 Feb)	233.5m	+1.5
Coconut Oil (Phil)§	[illegible]	-10.0
Palm Oil (Malay.)§	[illegible]	+2.5
Copra (Phil)§	$377.5	+0.5
Soyabeans (US)	£204.5y	
Cotton Outlook A Index	[illegible]	-0.90
[illegible]	[illegible]	

£ per tonne unless otherwise stated, p pence/kg, c cents/lb, r ringgit/kg, m Malaysian cents/kg, y [illegible] w Mar [illegible] Mar. t Apr/Jun. x Feb/Mar. ♥ London Physical. [illegible] Rotterdam. ♣ Bullion market close. [illegible] (Live weight prices). * Change on week, provisional prices.

Minor Metals
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 1,675-1,730 (1,660-1,720). Bismuth: min. 99.99%, tonne lots 2.25-2.45. Cadmium: min. 99.5%, 0.60-0.70 (0.55-0.75). Cobalt: MB free market, 99.8%, 20.50-22.00 (22.00-23.50), 99.3%, 17.50-18.50 (18.50-19.50). Mercury: min. 99.99%, $ per 76 lb flask, 90-100. Molybdenum: drummed molybdic oxide, 2.75-2.85 (2.70-2[illegible]) [illegible]nium: min 99.5%, 4.15-4.75. Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO_3, cif, 27-39. Vanadium: min. 95%, cif, 1.35-1.45. Uranium: Nuexco exchange [illegible] 7.00

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

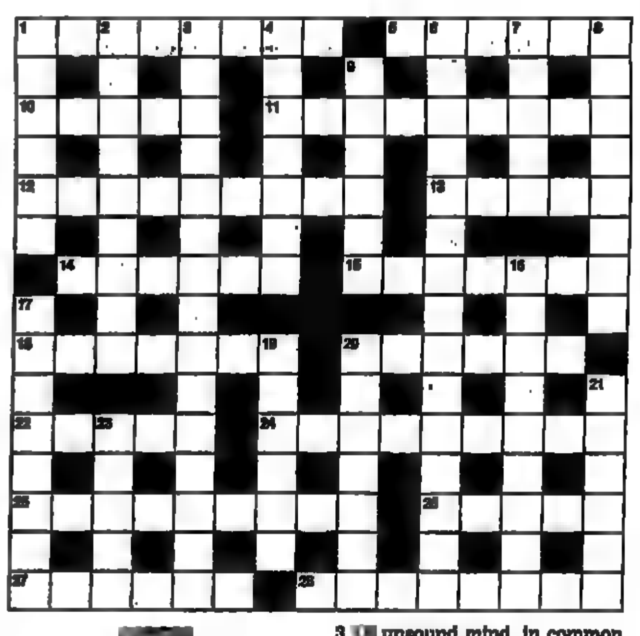
[illegible]	Feb. 7	month ago	year ago
1780.0	1778.1	1669.0	1736.9

■ CRB Futures (Base: 4/9/56=100)

[illegible]	Feb. 4	month ago	year ago
227.14	228.44	225.26	198.46

CROSSWORD

No.8,375 [illegible] by HIGHLANDER



[illegible]

1 Approach, attracted by organ (4,4)
5 An endless task to fix firmly (6)
10 Keen to hear [illegible] of dawn (5)
11 The old can adjust to athletic competition [illegible]
12 Outgoing surplus almost more than a ton (9)
13 Girl [illegible] quarters (5)
14 [illegible] a mistake taking big university exam (6)
15 Tall girl reported for healthy behaviour (7)
18 Reads through exercises (7)
20 Several like the Commandments set out principles (6)
22 Regret accepting titled companion's decoration on dress [illegible]
24 [illegible] by local council nor taken in by foster parents (9)
25 [illegible] on to plank – it's easily controlled (9)
26 [illegible] protected by [illegible] (5)
27 [illegible] if put round [illegible] area (6)
28 Traps rendered out of order by nearness (8)

DOWN
1 Reduce current in study (6)
2 [illegible] queen [illegible] an unfaithful mate (9)
3 [illegible] unsound mind, in common with stepson oddly enough (3,6,6)
4 Apply oneself to [illegible] one [illegible] (7)
6 No mutual interest in coming month – no change (7,2,6)
7 Own about fifty split equally (5)
8 [illegible] covered in plaster (8)
9 Crush the spirit (6)
16 English say drivers' group backed this type of vehicle (6,3)
17 Drink it provided pear is sliced up first (8)
19 Son fat and short (6)
20 Craft (half mine) is given in part payment (5-2)
21 Pretty boy makes fuss over climbing offence (6)
23 Shackle more than sixty feet (5)

Solution 8,374

SCARBOROUGH BUD / RAISE ACCESSORY / TRAGEDIAN TASTE / HOLIDAY YANK / DEAD HOEDOWN / ODIUM PINSTRIPE / BRIGADIER NOISE / ERG DREADNOUGHT

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate cut triggers big gains in equities

By Steve Thompson

Two large takeover bids, a smaller bid, bumper profits from one of the market leaders and, to [illegible] it all, a surprise cut in UK interest [illegible] helped the London stock market's recuperation [illegible] after Monday's steep fall.

Adding to an early bout [illegible] optimism was Wall Street's good performance overnight plus gains in the Far East's [illegible] most important [illegible]kets, Tokyo and Hong Kong.

However, after the initial burst of enthusiasm, [illegible] London market began [illegible] second thoughts about [illegible] background [illegible] the inter[illegible] cuts, and these worries, combined with a shaky opening [illegible]formance by Wall Street and an abrupt about-turn in gilts, took the gloss off the market's performance.

Long-dated gilts ended [illegible] day showing losses of around ⅜, having been up by some 1¼ points [illegible] mid-session.

Nevertheless, driven by the weight and importance [illegible] day's news, turnover in the equity market again topped the 1bn shares mark, eventually reaching 1.03bn, [illegible]ing [illegible] exceptionally [illegible] levels seen in recent months and ensuring that [illegible] City's [illegible] houses [illegible] still [illegible] good profits from [illegible]. Second-line [illegible] shares, or 64 per cent of the turnover total.

Traders preferred to ignore [illegible]gestions [illegible] of the [illegible] biggest marketmaking houses, wrongfooted [illegible] the [illegible] and on Monday when equities plunged in the [illegible] US interest [illegible] increased, [illegible] caught [illegible] by [illegible] in the market.

[illegible] FT-SE [illegible] finished [illegible] busy [illegible] 21.1 [illegible] 3,440.2, while [illegible] Mid 250 Index, which was given [illegible] push by [illegible] bids, [illegible] Group and LWT, advanced strongly to close 54.5 higher at 4,131.6.

Share prices began the session in fine form, bolstered by the good performances from the leading international stock markets in the US and the [illegible]. Adding [illegible] the good news was [illegible] bid for [illegible] Granada's [illegible] LWT.

Opening some [illegible] points higher, the FT-SE 100 began to wilt after an early flurry of support, b[illegible] raced ahead as the Bank [illegible] England signalled a rate reduction of ¼ percentage point. The cut [illegible] triggered [illegible] big support across [illegible] market, lifting [illegible] 100 [illegible] day's [illegible] of 3,471.7, [illegible] by around midday, [illegible] by more than 60 points.

Later, however, Wall Street's uninspiring opening, [illegible] weak [illegible] markets, [illegible] share prices gradually drift back to close on an uncertain note.

Some dealers were perplexed [illegible] the timing of the rate cut, and pointed to the continuing political difficulties [illegible] the Conservative government, although it was [illegible] noted that [illegible] Governor [illegible] England had [illegible] the [illegible] decided last week.

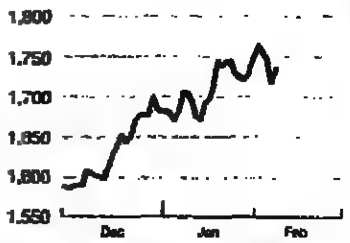
Others, however, remain [illegible]vinced that the gloom mongers in [illegible] market will be proved wrong. "The cash market felt good all day and was only dragged down from [illegible] by gilts [illegible] future, [illegible] trading [illegible] of [illegible] houses.

Reuters, the media group, spurted [illegible] after delivering top [illegible] the [illegible] and a [illegible] split [illegible] as increasing the stock's marketability. Redland responded to a UBS buy recommendation, [illegible] by [illegible] price-cutting move.

Account Dealing Dates		
*First Dealings:		
Jan 17	Jan 31	Feb 14
Option Declarations:		
Jan 27	Feb [illegible]	Feb 24
Last Dealings:		
Jan 28	Feb 11	Feb 25
[illegible] Day:		
Feb 7	Feb 21	Mar 7

*New time dealings may take place from two business days earlier.

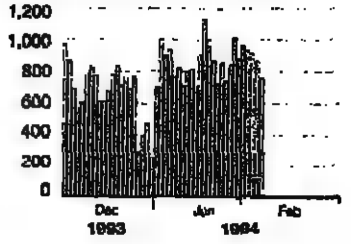
FT-SE-A All-Share index



Source: FT Graphite 93 1994

Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business and overseas turnover



■ Key indicators

Indices and ratios

FT-SE 100	[illegible]	+21.1
FT-SE Mid 250	4131.6	+54.5
FT-SE-A 350	1745.3	+13.6
FT-SE-A All-Share	[illegible]	+14.10
FT-SE-A All-Share yield	3.27	(3.29)
FT Ordinary index	2641.9	[illegible]
FT-SE-A Non Fins p/e	22.60	[illegible]
FT-SE100 Fut Mar	3440.27	+27.0
10 yr Gilt yield	[illegible]	(6.52)
Long gilt/equity yld ratio:	2.13	(2.12)

Best performing [illegible]

1	Extractive Inds	+3.5
2	Building & Const	+2.9
3	Merchant Banks	+2.1
[illegible]	Printing, Paper & Pckg	+1.9
[illegible]	Mineral Extraction	+1.9

Worst performing sectors

1	Tobacco	-1.2
2	Insurance	-0.7
3	Telecommunications	-0.2
4	Household Goods	-0.1
5	Textiles & Apparel	-0.1

Frantic trading in Reuters

International [illegible] and financial information group Reuters Holdings experienced frantic trading [illegible] announced that it was splitting its [illegible] with full-year results [illegible] top [illegible] of market expectations at [illegible].

A share split, which will [illegible] more marketable [illegible] liquid, [illegible] expected, but [illegible] analysts had anticipated a three-for-one [illegible] at [illegible]. When Reuters declared that investors would have four shares for every one held, the market price moved up so fast that there were periods of backwardation – a situation where the pace of trading leads to bid prices being temporarily higher than the offer price. At one stage it was technically possible to sell Reuters shares at 1980p and buy them back at 1947p.

Lehman Brothers raised its 1994 forecast by £30m to £520m, giving 88p of earnings. Henderson Crosthwaite, the agency's broker, raised its estimate b[illegible] adjusted to £505m from £482m. The Reuters share price leaped to [illegible] high of 2018p before closing 60 up on balance at 1971p [illegible] heavy [illegible] of [illegible].

Drugs firm

Pharmaceutical stocks received support from BZW, [illegible] UK's leading investment banks, [illegible] worth [illegible] internationally [illegible].

The issue, [illegible] of [illegible] largest [illegible] months, [illegible] securities [illegible] looking [illegible] increasingly sophisticated [illegible] trading – [illegible] large over-the-counter options tailor made for individual clients – in order to satisfy a growing appetite for equities.

BZW's [illegible] represents [illegible] shares, 1¼ [illegible] of each [illegible] SmithKline [illegible] – the "A"s [illegible] the Units – one Wellcome and one Zeneca share. The warrants were priced at 55p each, and 10 warrants give the right to buy one basket for £44.64 any time until expiry on July 31, 1995.

In spite of the early weakness in the New York market and the international nature of the stocks, Glaxo rose 8 to 672p, SmithKline "A" 4 to 417p and the Units 5 to 386p, Wellcome 9 to 646p and Zeneca 8 to 782p.

Oil major British Petroleum ignored [illegible] persistently [illegible] price [illegible] 7 [illegible] 385p, [illegible] shares traded, [illegible] hopes [illegible] stronger [illegible] increased enthusiasm [illegible] prospects for an [illegible] find [illegible].

Analysts have [illegible] the potential [illegible] field, known [illegible] Foinavon, [illegible] optimism [illegible] rekindled by a positive [illegible] in [illegible] specialist [illegible] publication. There [illegible] commissioning feasibility [illegible] engineering companies and discussing financing arrangements with leading [illegible].

Also, [illegible] in [illegible] US [illegible] with [illegible] rate [illegible] UK [illegible] normally [illegible] a stronger [illegible] against [illegible] pound – [illegible] which [illegible] gains. Burmah, [illegible] gains from [illegible] stronger dollar [illegible] largely [illegible] by [illegible] falling oil price because [illegible] concentrates on refining, [illegible] squeezed [illegible] 870p.

[illegible] remained unimpressed by [illegible] long anticipated [illegible] for helicopter [illegible] Group for nearly [illegible]. The engineer[illegible] already [illegible] a [illegible] per [illegible] stake [illegible] and is buying the 18.7 [illegible] cent [illegible] by [illegible] United Technologies as [illegible] launch pad for its bid. [illegible] was for the outstanding ordinary shares at [illegible] in cash or [illegible] making a one-for-five rights issue raising [illegible] to fund [illegible] bid.

Shares in both companies registered little change, reflecting the market's coolness towards the proposed [illegible]. GKN firmed [illegible], in [illegible] mere 1.4m [illegible] while [illegible] from [illegible] day's high [illegible] finish just [illegible] 307p, in negligi[illegible] volume. [illegible] is very tightly held.

Several analysts [illegible] the fact [illegible] the offer [illegible] below [illegible] current market price [illegible] an indication that [illegible] seri[illegible].

Reports [illegible] Forte [illegible] been outbid in [illegible] attempt [illegible] buy Ciga, [illegible] Italian hotel chain, hit the shares and raised [illegible] among leisure analysts [illegible] the company's European strategy. Forte, [illegible] Mr George Soros's Quantum Fund, had [illegible] a [illegible] offer for the group. However, [illegible] by a [illegible] bid from Sheraton [illegible], valuing Ciga [illegible] colos[illegible] £150,000 [illegible] room.

Analysts [illegible] relieved that [illegible] backtracking from [illegible] bidding [illegible] some argued [illegible] have [illegible] premium price as there are very [illegible] luxury hotel chains in Europe [illegible] qualify as potential targets.

"[illegible] hole [illegible] strategy – if they [illegible] unwilling to [illegible] kind [illegible] prices it [illegible] unlikely [illegible] be filled," [illegible] leading specialist. Another [illegible] to make [illegible] it landed [illegible] luxury Savoy chain. [illegible] 252p, after 249p, with turnover [illegible] busy 7.8m. Savoy was steady at 1028p.

Speculation that [illegible] is [illegible] to buying [illegible] clutch of provincial hotels helped the [illegible] climb 6½ [illegible] 92½p.

Price [illegible] by both BT and Mercury, owned by Cable and Wireless, hit sentiment, particularly in the former. However, analysts said [illegible] although the tariff changes would knock some [illegible] off BT's revenues, volume increases [illegible] likely [illegible] claw back [illegible] sizeable portion. BT shares [illegible] 4½ [illegible] 459p. [illegible] gained 4 [illegible] 518p. [illegible] said sentiment [illegible] lit[illegible] by news [illegible] another [illegible] into the telecoms mar[illegible] shape of [illegible] US. Vodafone, paid [illegible] for a [illegible] in [illegible] distributor, [illegible] shares adding 8 [illegible] 616p.

Television [illegible] LWT jumped [illegible] 737p after Granada, the leisure group, announced that [illegible] increasing [illegible] final offer for [illegible] company [illegible] around £776m, the equivalent of 750p [illegible] share. Analysts said Granada was [illegible] certain [illegible] acquire the tele[illegible] but [illegible] paying [illegible] very high price. The [illegible] fell 8 at [illegible] closing [illegible] off [illegible].

Building groups [illegible] sharply higher following [illegible] reduction. Redland put on 18 to 638p, with UBS said to be strong buyers of [illegible] stock. Spring Ram, meanhwile, [illegible] hectic trading [illegible] nil-paid rights [illegible] by [illegible] Rooney family were placed. The [illegible] 5 [illegible] 22p, with [illegible] huge [illegible]. The ordi[illegible] 2 to 75p.

MARKET REPORTERS:
Christopher Price,
Peter John,
Joel Kibazo.

■ Other statistics, Page 22

NEW HIGHS AND LOWS FOR [illegible]

NEW HIGHS ([illegible]).

BREWERIES (2) Grosvenor Inns, Regent Inns, BUILDING & CNSTRN (18) AMEC, Banner Homes, Barratt Devlpt., Bellway, Berkeley, Countryside Props., Crest Nichol., EBC, Galliford, Laing (J), Do 8.4pc Pf., Do N/V, Persimmon, Tay Homes, Vibroplant, Wilson Bowden, Wilson(C), Wimpey (G), BLDG MATLS & MCHTS (12) BMSS, Blockleys, Dyson (J), Do A, Epwin, Heywood Williams, Do Pf., Ibstock Johnsen, Marshalls, Do 6 1/2pc Pf., Ruberoid, Sheffield Insts., CHEMICALS (5) Canning (W), Headway, Laporte, Wardle Storeys, Yorkshire Chems., DISTRIBUTORS (10) Brammer, Dagenham Mtrs., Denmans, EW Fact, Ellis & Everard, Evans Halshaw, Gowrings, Norbain, Polar, Wilton, DIVERSIFIED INDLS (5) Kvaerner B, Pacific Dunlop, Ropner, Do A, Trafalgar Hse., ELECTRICITY (5) East Midlands, Manweb, Northern, Northern Ire., South Western, ELECTRNC & ELECT EQUIP (10) ENGINEERING (16) ENG. VEHICLES (7) BBA 6¾pc Pf., BSG, Bostrom, Coverdale, Laird, Mayflower Crp., Sytone, EXTRACTIVE INDS (11) FOOD MANUF (2) Matthews (B), Nichols (Vimto), HEALTH CARE (1) Biotrace, HOUSEHOLD GOODS (2) INSURANCE (5) Fenchurch, Nelson Hurst, New London Cap., Premium Underwriting, Syndicate Capital, INVESTMENT TRUSTS (27) INVESTMENT COMPANIES (20) LEISURE & HOTELS (8) Airtours 6 3/8p Pf., Chrysalis, Mandarin Oriental, Savoy, Status, MEDIA (15) MERCHANT BANKS (5) Joseph (L), Schroders, Do N/V, OIL, INTEGRATED (3) Burmah Castrol, Santos, Woodside, OTHER FINANCIAL (10) OTHER SERVS & BUSNS (3) Cape Range, General Mtrs. Units, Lendu, PRTNG, PAPER & PACKG (6) Bemrose, Britton, Cropper (J), Inveresk, Smith (DS), St Ives, PROPERTY (13) RETAILERS, FOOD (2) Park Food, Shoprite, RETAILERS, GENERAL (6) DFS, MFI, Moss Bros, Oliver Grp., Rosebys, Stylo, SUPPORT SERVS (5) BSM, Kewill Systems, Logica, Mitie, Vega, TEXTILES & APPAREL (3) Allied Text., Dinale Heel, Richards, TOBACCO (1) BAT Inds., [illegible] (7) WATER (3) [illegible] (3) SOUTH AFRICANS (1)

NEW LOWS (2).

ENGINEERING (1) Neotronics Tech., SUPPORT SERVS (1) Salvesen (C).

EQUITY FUTURES AND OPTIONS TRADING

The surprise [illegible] in [illegible] brought a turnround in [illegible] declining [illegible] on [illegible] day [illegible] again saw strong volume in [illegible] options, [illegible]

The early strength of the cash market failed to inspire a dull futures sector, where the March contract on the FT-SE [illegible] opened at 3,430, [illegible] 10-point discount to cash.

The announcement on the cut in interest rates brought a bounce to the March future, which had fallen to the day's [illegible] of 3,425. Buyers returned immediately, sending the contract soaring to the day's peak of 3,480 just before lunch.

However, [illegible] poor gilts [illegible] undermined March, [illegible] on Wall Street, [illegible] drifted lower for the rest of the session, finishing [illegible] 3,440, a 3-point discount to cash. Volume remained good, reaching 20,289 lots by the official close.

Business in the traded options was again heavy, particularly in the index options. Total turnover was 63,915 contracts, of which 26,420 were dealt in the FT-SE 100 option and 9,901 in [illegible] Euro FT-SE 100 option. In the stock options, British Gas led with 1,916 contracts traded, followed by Hanson at 1,896 lots and Lucas Industries at 1,560. HSBC, BTR and BT were also active.

Business improved on the OMLX Mid [illegible] market and 762 futures contracts had been traded by the close.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3430.0	3440.0	27.0	3480.0	3421.0	24503	61874
Jun	3460.0	3455.0	27.0	3484.0	3464.0	23	11482
Sep	-	3475.0	27.0	-	-	0	380

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Volume	Open int.
Mar	4120.0	4156.5	+5.0	4190.0	4110.0	762	1,965
Jun		4171.5					

All open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3443) £10 per full index point

	3250		3300		3350		3400		3450		3500		3550		3600	
	C	P	C	P	C	P	C	P	C	P	C	P	C	P	C	P
Feb	198	2	147½	4½	104½	8½	65½	22	36	42½	18½	74½	[illegible]	118½	2½	167½
Mar	206	18½	166	27	129½	40	96	58½	[illegible]	77½	46½	106½	[illegible]	141	17	180
Apr	220½	31	183	43½	147	57½	116½	78½	[illegible]	96	66½	126	[illegible]	157	[illegible]	193½
May	242	47	204½	59	170	74	140	[illegible]	116½	[illegible]	89½	142½	[illegible]	173	63	206
Jun†			229½	65½			187	[illegible]			109	152			66	214

Calls 10,449 Puts 12,100

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3275		3325		3375		3425		3475		3525		3575		3625	
Feb	170½	4	125½	7½	84½	18½	48½	30½	23½	57½	11	93½	[illegible]	136½	1½	183½
Mar	186½	22	146½	31½	111	[illegible]	81	[illegible]	56	90½	37	121	[illegible]	157	[illegible]	[illegible]
[illegible]			163½	46			[illegible]	85			[illegible]	139			[illegible]	209½
Jun			203½	75½			149½	113½			[illegible]	164½			80½	[illegible]
Sep†			244	98½			[illegible]	[illegible]			[illegible]	[illegible]			98	[illegible]

Calls 2,784 Puts 2,562 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3950	4000	4050	4100	4150	4200	4250	4300
Mar	21	[illegible]	[illegible]	113½ 59	88 80	62½ 107½	44½	38
Apr	37½	46	30	80 118½		92	[illegible]	98

Calls [illegible] Puts 4 Settlement [illegible] volumes are taken at 4.30pm.

FT-SE Actuaries Share Indices — The UK Series

	Feb 8	Day's chge%	Feb 7	Feb 4	Feb 3	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
[illegible] 100	[illegible]	[illegible]	3419.1	[illegible]	[illegible]	[illegible]	3.42	5.11	24.29	2.59	1261.07
FT-SE Mid 250	4131.6	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	2.95	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid [illegible] ex Inv [illegible]	[illegible]	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	24.77	[illegible]	[illegible]
[illegible] 350	[illegible]	[illegible]	1731.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	24.73	[illegible]	[illegible]
FT-SE [illegible]	[illegible]	+1.3	2055.08	2094.98	2091.07	[illegible]	[illegible]	3.37	[illegible]	2.70	[illegible]
FT-SE SmallCap ex Inv Trusts	[illegible]	+1.2	2026.58	2060.72	2055.98	1525.37	[illegible]	[illegible]	[illegible]	2.91	[illegible]
FT-SE-A ALL-SHARE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.27	[illegible]	[illegible]	[illegible]	[illegible]

■ FT-SE Actuaries All-Share

	Feb 8	Day's chge%	Feb 7	Feb 4	Feb 3	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. [illegible]	Total Return
10 MINERAL EXTRACTION(18)	[illegible]	+1.9	2616.99	2654.83	2665.38	2107.80	[illegible]	[illegible]	[illegible]	0.00	[illegible]
[illegible]	[illegible]	[illegible]	3915.74	3976.82	4023.67	3160.70	[illegible]	4.51	[illegible]	[illegible]	[illegible]
15 [illegible]	2577.09	+1.6	[illegible]	[illegible]	[illegible]	[illegible]	3.39	[illegible]	25.16	[illegible]	[illegible]
[illegible] Exploration & Prod(11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.61	35.56	0.00	[illegible]
[illegible]	[illegible]	+1.3	[illegible]	2216.76	2223.52	1696.90	3.32	3.12	[illegible]	1.71	1099.26
21 Building & [illegible]	[illegible]	[illegible]	1525.23	[illegible]	[illegible]	[illegible]	2.26	1.22	[illegible]	0.46	[illegible]
22 Building [illegible]	[illegible]	+1.7	[illegible]	2339.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.14	[illegible]
23 Chemicals(20)	[illegible]	+0.7	2468.26	2518.05	2512.22	2116.20	[illegible]	[illegible]	‡	[illegible]	[illegible]
24 [illegible]	2206.02	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	29.39	[illegible]	[illegible]
25 [illegible] & [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22.48	1.10	[illegible]
26 Engineering(72)	1993.83	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Engineering, Vehicles(12)	[illegible]	+1.6	[illegible]	[illegible]	2509.51	[illegible]	[illegible]	[illegible]	[illegible]	0.06	1161.86
28 Printing, Paper & Pckg(27)	[illegible]	+1.9	[illegible]	2939.61	2936.19	2252.30	[illegible]	[illegible]	26.57	1.44	1134.29
29 Textiles & Apparel(22)	2004.27	-0.1	[illegible]	[illegible]	2019.39	[illegible]	[illegible]	[illegible]	25.25	0.14	1103.59
30 CONSUMER [illegible]	[illegible]	[illegible]	[illegible]	2988.06	3012.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Breweries(17)	[illegible]	+1.0	2298.90	2329.85	[illegible]	[illegible]	3.92	[illegible]	[illegible]	[illegible]	[illegible]
32 Spirits, [illegible] & [illegible]	[illegible]	+0.5	3110.72	3131.48	3160.14	2676.20	3.39	[illegible]	[illegible]	[illegible]	[illegible]
33 [illegible] Manufacturers(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	-0.1	[illegible]	2657.66	2666.35	[illegible]	[illegible]	6.45	17.98	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	1667.92	[illegible]	[illegible]	[illegible]	[illegible]	5.11	23.38	[illegible]	[illegible]
[illegible] Pharmaceuticals(10)	3135.72	+1.1	3101.45	[illegible]	[illegible]	3263.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Tobacco(1)	[illegible]	-1.2	[illegible]	4262.[illegible]	4262.63	[illegible]	[illegible]	7.44	[illegible]	[illegible]	[illegible]
40 SERVICES(230)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Distributors(31)	[illegible]	+0.2	3218.94	3282.27	3298.69	2498.50	[illegible]	[illegible]	[illegible]	[illegible]	1090.14
42 [illegible] & [illegible]	[illegible]	+0.1	[illegible]	2345.16	2346.40	[illegible]	3.52	[illegible]	23.59	[illegible]	[illegible]
[illegible]	[illegible]	+1.5	3244.25	[illegible]	[illegible]	[illegible]	[illegible]	3.68	[illegible]	[illegible]	[illegible]
[illegible] Food(17)	[illegible]	+1.3	[illegible]	[illegible]	1640.76	2045.40	3.80	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	1789.17	[illegible]	[illegible]	[illegible]	[illegible]	5.14	[illegible]	[illegible]	942.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.83	[illegible]
[illegible] Transport(16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Other [illegible] & Business(12)	[illegible]	+1.3	[illegible]	[illegible]	[illegible]	1388.00	3.51	3.18	44.79	[illegible]	[illegible]
60 UTILITIES(36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Electricity(17)	2572.66	+0.7	2555.25	2589.81	[illegible]	[illegible]	3.22	[illegible]	12.77	[illegible]	[illegible]
[illegible] Gas Distribution(2)	2257.86	....	2257.50	2307.47	2336.25	1876.30	[illegible]	[illegible]	[illegible]	0.00	[illegible]
66 Telecommunications(4)	2375.00	-0.2	2380.14	2420.83	2423.12	1931.70	[illegible]	5.96	[illegible]	[illegible]	[illegible]
68 Water(13)	[illegible]	+0.4	2086.05	2117.59	2128.79	1711.50	[illegible]	10.81	10.21	[illegible]	[illegible]
69 NON-FINANCIALS(631)	1842.10	+0.9	1826.41	1849.60	1858.93	[illegible]	3.34	5.42	22.60	2.29	[illegible]
70 FINANCIALS(1[illegible]	[illegible]	+0.6	2650.97	2737.13	2727.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Banks(10)	[illegible]	+0.3	3458.03	3601.56	3573.77	2201.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Insurance(18)	[illegible]	-0.7	[illegible]	1545.26	1564.65	1287.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Life Assurance(6)	2758.26	+0.2	2753.30	2908.96	2847.67	2366.90	[illegible]	[illegible]	28.53	[illegible]	[illegible]
[illegible] Merchant Banks(6)	3730.04	+2.1	3653.52	3748.17	3754.18	2087.30	[illegible]	5.86	20.92	[illegible]	[illegible]
77 Other Financial(25)	[illegible]	+1.6	2209.19	2279.35	2272.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
79 Property(40)	[illegible]	+1.7	[illegible]	1868.[illegible]	1869.49	1110.20	3.26	[illegible]	[illegible]	1.76	[illegible]
80 INVESTMENT TRUSTS(116)	3114.21	+1.7	3062.10	3172.43	3176.20	2228.30	2.04	1.64	[illegible]	5.93	1030.28
89 FT-SE-A ALL-SHARE(655)	[illegible]	+0.9	1719.48	1746.37	1754.46	1381.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

	Open	9.00	[illegible]	[illegible]	12.00	[illegible]	14.00	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] 100	[illegible]	3430.5	[illegible]	[illegible]	[illegible]	[illegible]	3464.5	3448.0	3443.5	[illegible]	[illegible]
FT-SE Mid 250	4099.2	4099.6	4119.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	1738.4	[illegible]	1753.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Time of [illegible] 100 High 11:20am Low 9:13am

■ FT-SE Actuaries 350 Industry baskets

	[illegible]	9.00	10.00	11.00	[illegible]	[illegible]	[illegible]	15.00	[illegible]	Close	[illegible]	[illegible]
Bldg & Cnstrcn	[illegible]	[illegible]	[illegible]	1524.5	[illegible]	[illegible]	[illegible]	[illegible]	1525.5	1526.2	[illegible]	+44.7
Pharmaceuticals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3115.7	3112.9	[illegible]	[illegible]	[illegible]
Water	[illegible]	2085.0	[illegible]	[illegible]	2094.6	[illegible]	[illegible]	[illegible]	2093.2	[illegible]	[illegible]	[illegible]
Banks	[illegible]	3531.3	3570.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT "500" has been renamed FT-SE-A Non-Financials index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. © The Financial Times Limited 1994. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. CONSTITUENT CHANGE: DELETION: Central Independent TV (43).

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
[illegible] Group†	[illegible]	57½	-1½
[illegible]	7,500	506	+6
[illegible]	1,900	[illegible]	+2
Allied-Lyons†	2,400	[illegible]	+5
[illegible] Water†	1,900	675	[illegible]
[illegible]	611	374	+2
[illegible] Group†	4,900	281	+5
[illegible]	4,000	294	+11
[illegible] Brit. Foods†	141	575	-2
[illegible]	[illegible]	[illegible]	+8
[illegible]	901	[illegible]	+6
BAT Inds.†	4,800	510	-5
BET	[illegible]	145	-2
BICC	1,000	468	+7
BOC†	1,100	687	-11
[illegible]	10,000	385	+7
BPB Inds.	3,200	267	
BT†	7,700	[illegible]	-4½
BT (P/Paid)	[illegible]	201	-4
BTR†	8,600	[illegible]	+6
[illegible] of Scotland†	4,200	[illegible]	+8
Barclays†	[illegible]	[illegible]	-5
Bass†	2,700	555	+10
Blue Circle†	[illegible]	373	+6
Booker	86	446	-1
Boots†	2,300	557	+8
[illegible]	1,800	462	+8
[illegible]	2,800	565	-1½
[illegible] Airways†	3,100	479	-8
[illegible] Gas†	8,400	309½	
[illegible] Land	1,000	463	+13
[illegible] Steel†	10,000	141½	+5
Bunzl	3,900	170	+6
Burmah Castrol†	424	870	+10
Burton	16,000	57	-½
Cable & [illegible]	4,300	518	+4
[illegible]	1,300	569	+2
Calor Group	56	347	+1
Caradon†	3,100	415	-2
Carlton Comms.†	1,400	1012	-1
Coats Viyella†	4,400	275	-3
Comm. Union†	2,100	[illegible]	-11
Cookson	2,400	[illegible]	+8
Courtaulds†	908	599	-1
Dalgety	501	482	-6
De La Rue	380	926	+6
Dixons	1,400	219	+5
Eastern Elect.	1,900	713	+6
East Midland Elect.	1,000	[illegible]	+8
Eng China [illegible]	1,800	525	[illegible]
Enterprise [illegible]	1,500	[illegible]	
Eurotunnel Units	341	575	-18
FKI	427	197	+1½
Fisons	1,000	132½	-½
Foreign & [illegible] I.T.	1,000	309	+3½
Forte†	7,800	252	+3
Gen. Accident†	[illegible]	661	
General Elect.†	3,300	348	
Glaxo†	[illegible]	672	+8
Glynwed	[illegible]	[illegible]	+5
Granada†	5,300	[illegible]	+8
Grand Met.†	5,900	[illegible]	+6
GUS†	2,100	595	-4
GRE†	2,000	229	-3
GKN	1,400	592	+2
Guinness†	4,700	[illegible]	-1
[illegible]	[illegible]	1043	+27
[illegible]	[illegible]	419	+8
[illegible]	[illegible]	294½	+2
[illegible]	2,400	212	+7
Hays	[illegible]	319	-3
Hillsdown	527	176	+3
IMI	637	[illegible]	+6
ICI†	1,000	[illegible]	+15
Inchcape†	[illegible]	[illegible]	-4
Johnson [illegible]	173	584	+4
Kingfisher†	1,600	[illegible]	+8
[illegible]	383	590	+13
[illegible]	4,500	205	+3
Land Securities†	1,000	798	+8
Laporte	144	830	+5
[illegible]	926	615	+1
Lloyds Abbey	[illegible]	[illegible]	+16
Lloyds Bank†	[illegible]	669	-9
LASMO	[illegible]	135	+1
London [illegible]	700	730	+11
Lonrho	[illegible]	167½	+5½
Lucas	1,800	225	+8
MEPC†	1,000	536	+11
MFI	3,100	183	+4
Manweb	99	846	+11
Marks & Spencer†	[illegible]	[illegible]	[illegible]
Midlands Elect.	362	763	+11
[illegible]	[illegible]	118	
[illegible]	1,300	273	+6
[illegible]	9,900	[illegible]	-14
National Power†	4,300	475	-2
Next	1,400	227	+3
North [illegible]	[illegible]	[illegible]	-1
[illegible] Elect.	853	[illegible]	[illegible]
[illegible] Foods†	[illegible]	237½	+3½
Norweb	[illegible]	765	[illegible]
Pearson†	1,900	719	-1
P & O†	8,000	711	+6
Pilkington	4,300	183½	+½
[illegible]	3,800	551	-4
[illegible]	3,500	346	-1
[illegible]	540	971	+21
RTZ†	2,700	877	+27
[illegible]	885	215	
[illegible] Org.†	1,200	1049	[illegible]
[illegible] & Colman†	[illegible]	693	-4
[illegible]	1,900	631	+18
Reed Intl.†	2,100	935	+10
Rentokil†	1,200	288	-2
Reuters†	2,000	1971	+60
Rolls Royce†	6,400	175	+3
Ryl Bk Scotland†	1,200	499	-7
[illegible]	4,400	322	-2
[illegible]	7,800	369½	+8½
[illegible]	79	1436	+38
Scottish & New.†	2,100	[illegible]	-1
Scot. Hydro-Elec.	1,100	[illegible]	+4
[illegible]	1,500	451	+7
Sears†	[illegible]	124	-1
[illegible]	745	189	-1
[illegible]	354	429	+6
Severn Trent†	1,100	622	+1
Shell Transport†	4,100	718½	+8½
Siebe†	[illegible]	595	[illegible]
Slough Ests	[illegible]	284	[illegible]
Smith [illegible] A	446	497	+3
Smith & Nephew†	2,500	149½	-1
[illegible]	3,000	417	+4
[illegible] Utd.†	[illegible]	386	+6
[illegible]	1,200	[illegible]	+13½
[illegible] Elect.†	514	725	+12
[illegible] Wales Elect.	368	769	+8
South [illegible]	743	659	+1
[illegible] Elect.	[illegible]	[illegible]	+11
[illegible]	[illegible]	[illegible]	+5
[illegible] Chemd.†	[illegible]	1393	-17
Storehouse	6,900	[illegible]	[illegible]
[illegible]	2,600	[illegible]	
TSN	1,800	244	+8
TI Group†	894	434	+12
TSB†	[illegible]	270	-3½
Tarmac	[illegible]	193	+5½
Tate & Lyle	[illegible]	[illegible]	-6
Taylor Woodrow	[illegible]	[illegible]	+7½
Tesco†	8,000	221	+2
Thames Water†	1,900	589	+2
Thorn EMI†	1,500	1118	-7
Tomkins†	4,300	[illegible]	
Trafalgar House	8,800	[illegible]	+3½
Unigate	[illegible]	418	+4
Unilever†	[illegible]	1224	+8
United Biscuits†	[illegible]	339	
Utd. Newspapers	457	725	+8
Vodafone†	1,700	616	+8
[illegible]†	763	980	+6
[illegible]	[illegible]	649	+9
[illegible] Water	905	730	-3
[illegible] Water	73	733	+9
[illegible]	1,900	[illegible]	+7
Williams Hldgs.†	[illegible]	395	+10
Willis Corroon	743	221	-2
Wimpey	3,480	241	[illegible]
Wolseley†	384	806	+3
Yorkshire Elect.	812	715	+1
Yorkshire Water	587	614	+12
Zeneca†	[illegible]	782	+8

Based on trading volume [illegible] of major securities dealt through the [illegible] system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Apr	Jul	Oct	Puts Apr	Jul	Oct
[illegible]	600	46	53½	62½	12½	[illegible]	[illegible]
(*625)	650	18	28	38	37	58	62
Argyll	280	17	25	29½	13½	22½	[illegible]
(*281)	300	9	[illegible]	22	26	[illegible]	[illegible]
ASDA	50	10½	12½	13½	2	3½	[illegible]
(*57)	60	4½	[illegible]	8	7	8	10½
Brit Airways	460	30½	40½	58	14½	[illegible]	[illegible]
(*480)	500	17	28½	38	38½	46½	51
SmKl Bchm A	390	41	52	60	12	21	27½
(*418)	420	27½	38½	[illegible]	[illegible]	35	42
Boots	550	32½	46	56½	17	30½	36
(*556)	600	11	18½	[illegible]	[illegible]	61	[illegible]
BP	380	30½	40	[illegible]	[illegible]	14	18½
(*[illegible])	390	17	28½	30½	[illegible]	27	32½
British Steel	140	11½	16½	20	8	12	14½
(*141)	160	3½	7½	12	20½	24½	27
Bass	550	30	42½	62	22	33½	38
(*553)	600	11½	21	30½	55½	64½	69½
[illegible]	500	30½	54½	68	13½	28	[illegible]
(*519)	525	28½	41	-	25	37	-
[illegible]	500	44	52	60	11½	21	26½
(*[illegible])	550	16	28½	[illegible]	[illegible]	48	53
Cons Union	650	28	46½	56½	25½	35½	[illegible]
(*[illegible])	700	9½	24	29	60½	67	73
ICI	800	36	54	68	32	51½	62
[illegible]	850	[illegible]	[illegible]	43	71½	82	91
Kingfisher	600	62½	78½	[illegible]	10½	24	31½
(*644)	650	31½	47½	58	30½	46½	56
Land Secur	750	38	48½	66½	[illegible]	31	33½
(*765)	800	13½	[illegible]	[illegible]	43½	60½	62½
Marks & S	420	22	30½	37½	13	22	24½
(*425)	460	6½	14	20½	38	46½	48
NatWest	500	[illegible]	63½	69½	12	17½	23½
(*544)	550	28	[illegible]	42	[illegible]	[illegible]	47
[illegible]	360	25½	33½	40½	[illegible]	[illegible]	[illegible]
(*363)	390	13	22	28	34	40	[illegible]
Shell Trans.	700	30½	45	52½	20	28½	37
(*718)	750	8	[illegible]	[illegible]	53	[illegible]	[illegible]
Storehouse	220	21½	27½	31	5½	11	13½
(*234)	240	9½	16	21	[illegible]	[illegible]	[illegible]
[illegible]	120	12½	18	23	10½	14½	17½
(*121)	130	6½	13½	[illegible]	[illegible]	[illegible]	23
[illegible]	1200	51½	[illegible]	94½	[illegible]	48	68
[illegible]	[illegible]	[illegible]	[illegible]	60	82½	75	83
Zeneca	750	46½	66½	73	23	38½	47½
(*783)	800	22	41½	54½	51½	63½	74
Option		Feb	May	Aug	Feb	May	Aug
Grand Met	460	17½	31	41	7½	17½	25
(*469)	500	[illegible]	[illegible]	22½	34	40½	47½
Ladbroke	200	10½	18	23½	[illegible]	[illegible]	21½
(*205)	220	2½	9½	[illegible]	[illegible]	29	34
Utd Biscuits	330	28	36	37	2	10½	15
(*355)	360	7	16	22½	12½	27	32½
Option		Mar	[illegible]	Sep	Mar	Jun	Sep
Fisons	130	11½	[illegible]	23½	[illegible]	[illegible]	[illegible]
(*132)	[illegible]	7	13½	18½	14	20½	[illegible]
Option		Feb	May	Aug	Feb	May	Aug
Brit Aero	550	28½	56	[illegible]	15	41½	49
(*565)	600	8½	35½	51½	45½	[illegible]	77½
BAT Inds	500	21½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*510)	550	4	12½	28½	42	58	68½
BTR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11½	[illegible]
(*383)	390	6	16½	[illegible]	12½	26	28½
Brit Telecom	460	[illegible]	22	[illegible]	7½	18½	25
(*460)	500	[illegible]	8½	13½	42	43½	50½
Cadbury Sch	483	21½	29	-	8	19	-
(*[illegible])	542	2	8	-	[illegible]	[illegible]	-
Eastern Elec	700	[illegible]	[illegible]	[illegible]	8	23	38
(*714)	750	4½	22½	34	40	49	65
Guinness	500	27½	42	52½	5½	22½	31½
(*521)	550	5½	17	28	35	52	60½
GEC	330	21½	28½	30	2	[illegible]	[illegible]
(*348)	360	[illegible]	[illegible]	15	15	[illegible]	29

Option		Calls Feb	May	Aug	Puts Feb	May	Aug
[illegible]	[illegible]	17	21½	26	[illegible]	7½	11½
(*295)	300	4	[illegible]	15½	8½	16½	21½
[illegible]	130	11	18	24½	[illegible]	12½	17½
(*135)	140	6	13½	16½	[illegible]	18	23½
Lucas Inds	[illegible]	[illegible]	18	26	5	13	17½
(*225)	240	2½	9	[illegible]	[illegible]	[illegible]	[illegible]
P & O	700	28½	[illegible]	[illegible]	[illegible]	[illegible]	41
(*712)	750	5½	24½	44	39	64	77
Pilkington	180	6	23	28	2	8	14
(*183)	200	4	11	17	16½	17½	24½
Prudential	330	20	24	30	3	12	16
(*345)	360	3½	11½	18½	18½	[illegible]	[illegible]
RTZ	850	37½	[illegible]	79	[illegible]	28	41
(*878)	900	10½	33½	[illegible]	[illegible]	55	65½
Redland	600	36	52	58½	[illegible]	23½	32½
(*632)	[illegible]	[illegible]	24	36	28	50½	59½
Royal Insce	317	14	-	-	8	-	-
(*322)	346	3½	-	-	28½	-	-
Tesco	220	7	16	21½	6	[illegible]	19
(*220)	240	1½	7½	13½	21	[illegible]	32½
Vodafone	600	27	60	68½	[illegible]	27	42½
(*615)	650	6½	28	[illegible]	39	55½	69
[illegible]	390	12½	[illegible]	[illegible]	5½	[illegible]	[illegible]
(*395)	[illegible]	2	[illegible]	[illegible]	[illegible]	[illegible]	43
Option		Apr	Jul	Oct	Apr	Jul	Oct
BAA	1050	58½	76	95	26½	45	54
(*[illegible])	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thames Wtr	550	[illegible]	58	53½	9	[illegible]	24½
(*[illegible])	600	18½	28½	35½	28	40½	51
Option		Mar	Jun	Sep	Mar	Jun	Sep
Abbey Natl	500	23½	32	[illegible]	[illegible]	25	33
(*509)	550	4½	13	22½	53	58	63
Amstrad	[illegible]	[illegible]	7	[illegible]	3	5	7
(*46)	50	2½	5	7	8	8	9½
[illegible]	550	47½	60	67	[illegible]	17	28½
(*589)	[illegible]	[illegible]	[illegible]	41	33	41½	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8	[illegible]	[illegible]
(*373)	390	8½	19½	30½	[illegible]	[illegible]	40
British Gas	330	18	[illegible]	29	7	13	19
[illegible]	360	5	10	[illegible]	22½	34	37
[illegible]	200	20	32	36	4½	8½	15½
(*213)	[illegible]	[illegible]	20	25½	14	17½	25½
[illegible]	160	20	22½	25½	2½	8	[illegible]
(*175)	180	7	11	[illegible]	11	19	21½
Lonrho	[illegible]	[illegible]	[illegible]	[illegible]	7½	[illegible]	[illegible]
(*167)	180	8	16	23	18½	25½	31
Natl [illegible]	460	[illegible]	42	52	13½	23½	34
(*474)	500	[illegible]	23	34	36	45½	[illegible]
Scot Power	420	39	50½	58½	5	12	20
[illegible]	460	14½	27	36	20½	28	30
[illegible]	120	[illegible]	12½	15	3½	6	8
(*124)	130	3½	7½	9½	[illegible]	12	14
[illegible]	240	19½	24½	30½	[illegible]	[illegible]	[illegible]
(*252)	260	8½	14	21½	15½	25	29
Tarmac	174	24½	28½	-	[illegible]	[illegible]	-
(*192)	193	12	18½	-	10½	17	-
Thorn EMI	[illegible]	46½	76½	84[illegible]	28	[illegible]	[illegible]
(*1118)	1150	23	50½	68	53½	64½	[illegible]
TSB	260	[illegible]	26	[illegible]	[illegible]	14½	16½
(*270)	280	6	14	21	20½	25	30½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4	7	13
[illegible]	260	11	18	[illegible]	11	15½	22½
Wellcome	600	63½	[illegible]	[illegible]	[illegible]	28	36½
(*646)	650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo	650	[illegible]	[illegible]	84½	29	45	60
(*673)	700	27½	56	81	57½	71½	88½
[illegible]	1900	88½	126	152	48	76½	94
[illegible]	1950	65	101	128	73½	102	[illegible]
[illegible]	1850	109	153	204	88	101	127
(*1990)	2000	83	137	178	91½	125	150
		Feb	May	Aug	Feb	May	Aug
Rolls-Royce	155	21	-	-	1	-	-
(*175)	176	6	-	-	6½	-	-

* Underlying security price. Premiums shown are based on closing offer prices.
February 8, Total contracts: 48,382 Calls: 24,800 Puts: 21,682

FT GOLD MINES INDEX

	[illegible] 8	[illegible] on day	[illegible] 4	[illegible] 3	[illegible] ago	[illegible]	52 week [illegible]	Low
Gold Mines Index (34)	2084.01	-4.7	2187.38	2213.59	1064.85	[illegible]	2387.40	1054.85
■ Regional Indices								
Africa (15)	2827.17	-4.7	2965.83	2925.51	1131.82	[illegible]	3440.80	1131.82
Australasia (8)	[illegible]	-4.1	2889.23	2965.56	1077.04	[illegible]	3013.89	1077.04
North America (11)	[illegible]	-4.6	1858.18	1894.04	1030.06	[illegible]	2039.25	1030.06

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Predecessor Gold Mines Index: Feb. 8: 213.2 ; day's change: -4.2 points; Year ago: 81.6 † Partial
Latest prices were unavailable for this edition.

RISES AND FALLS YESTERDAY

	[illegible]	[illegible]	Same
British Funds	67	11	[illegible]
Other Fixed Interest	11	[illegible]	[illegible]
Mineral Extraction	80	58	69
General Manufactures	363	37	[illegible]
Consumer Goods	88	21	[illegible]
Services	280	37	[illegible]
Utilities	38	5	[illegible]
Financials	213	36	[illegible]
Investment Trusts	408	2	53
Others	[illegible]	30	27
Totals	1,600	237	[illegible]

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	[illegible]	Last Declarations	May 12
Last Dealings	Feb. 18	For [illegible]	May 23

Calls: ASDA, BTR Wts '98, Carpetright, Caverdale, Fairhaven, Hanson Wts, Hobson, Johnson Fry, Kunick, Lep, Lucas, MTM, Metrotect, Middlesex Grp, Premier Cons Oil, Proteus, Regina, TR Tech, Trans World, Wiggins. Puts: Greenwich Res, Hobson, Johnson Fry, Lucas, Wiggins. Puts & Calls: Kunick.

LONDON RECENT ISSUES: EQUITIES

[illegible] £	[illegible] up	Mkt. [illegible]	1993/94 High	Low	Stock	[illegible] price p	+/-	[illegible]	Div. [illegible]	[illegible]	P/E net
-	F.P.	[illegible]	[illegible]	66¾	Baring Emrg Euro	73¼	+2½	-	-	-	-
-	[illegible]	[illegible]	49½	33¾	Do Warrants	40½	+1	-	-	-	-
[illegible]	F.P.	[illegible]	[illegible]	108	Comp Fin Sol	[illegible]	[illegible]	N-	-	-	[illegible]
[illegible]	[illegible]	[illegible]	100	96	Fairbairn Eur Sm	[illegible]	+1	-	-	-	-
[illegible]	F.P.	30.4	[illegible]	100	For & Col Small C	119½	+2	-	-	-	-
80	P.P.	18.0	80	59	Friends Prov Eth	80		-	-	-	-
[illegible]	P.P.	[illegible]	126	[illegible]	Do. Units	[illegible]	+2	-	-	-	-
60	P.P.	18.6	[illegible]	61	Do. Zero Div Pf	[illegible]	+1	-	-	-	-
-	F.P.	[illegible]	93	83	Pantheon Wrts	93		-	-	-	-
[illegible]	F.P.	2.23	[illegible]	10¾	Rosemont	12		-	-	-	-
[illegible]	F.P.	[illegible]	[illegible]	122	Slimma	148	+5	R3.7	2.5	[illegible]	18.4
-	F.P.	0.56	[illegible]	[illegible]	Thornton P.E. Wts.	[illegible]		-	-	-	-
-	F.P.	[illegible]	[illegible]	51	Do. Zero Div. [illegible]	51¼		-	-	-	-

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

FIXED INTEREST STOCKS

Issue [illegible] £	Amount paid up	Latest [illegible]	1993/94 High	[illegible]	Stock	[illegible] £	[illegible]
-	[illegible]	-	95	[illegible]	Budgens 5pc Cv 2003	94	
-	F.P.	-	[illegible]	[illegible]	Carlton Comm. 5.5p Cv. Pf.	126p	
80	[illegible]	-	[illegible]	80pm	Pantheon Cv Ln [illegible]	[illegible]	+1
-	F.P.	-	110¼p	99¼p	Sun Alliance 7⅜pc Pf	106¼p	
-	F.P.	[illegible]	163½p	127½p	Trafalgar Hse Cv Rd Pf	[illegible]	[illegible]
-	F.P.	-	131	107	Witan 6¼pc Bds	128	[illegible]

RIGHTS OFFERS

[illegible] price p	[illegible] paid up	[illegible] date	1993/94 High	[illegible]	Stock	[illegible] price [illegible]	[illegible]
[illegible]	Nil	17/2	20pm	[illegible]	Anglo Irish	[illegible]	
25	Nil	[illegible]	12pm	8pm	§Beckenham Grp	[illegible]	
120	Nil	[illegible]	112pm	103pm	[illegible]	112pm	
11	Nil	28/2	20pm	16½pm	Carlisle	16½pm	
[illegible]	Nil	[illegible]	25½pm	[illegible]	Crest Nicholson	[illegible]	[illegible]
[illegible]	Nil	8/2	1¼pm	¼pm	[illegible]	1¼pm	
53	Nil	23/1	22½pm	16pm	Spring Ram	[illegible]	
275	Nil	25/3	[illegible]	[illegible]	Stanley Leis.	[illegible]	
10	Nil	[illegible]	[illegible]	21pm	Utility Cable	[illegible]	
51	Nil	[illegible]	12pm	[illegible]	Worthington	[illegible]	+1

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Feb 8	Feb 7	Feb 4	Feb 3	Feb 2	Yr ago	*High	*Low
Ordinary [illegible]	[illegible]	2633.3	2668.2	2694.0	[illegible]	[illegible]	2713.6	[illegible]
[illegible]	3.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.52	3.43
[illegible] yld. [illegible] full	[illegible]	4.00	3.94	3.91	3.89	5.87	6.38	[illegible]
P/E ratio [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21.72	32.48	[illegible]
P/E [illegible]	29.44	29.26	29.65	[illegible]	30.09	[illegible]	30.09	18.14

*For 1993/94, Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly [illegible]

[illegible]	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
[illegible]	2636.1	2652.8	[illegible]	2658.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Feb 8	Feb 7	[illegible]	[illegible]	Feb 2	Yr ago
[illegible]	41,169	54,033	[illegible]	[illegible]	[illegible]	34,101
Equity [illegible] (£m)†	-	[illegible]	[illegible]	[illegible]	2095.5	[illegible]
Equity [illegible]	-	[illegible]	[illegible]	49,781	48,737	39,649
[illegible] (m)†	-	768.3	[illegible]	[illegible]	[illegible]	[illegible]

† Excluding intra-market business and overseas turnover.

BANKS

	Notes	Price	+ or –	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		[illegible]	+1/16	£25¼	£18¼	6,637	4.4	12.7
ANZ A$		[illegible]	+1½	269	130	3,461	3.4	20.7
Abbey National	†□	508	+9	524	345	6,659	2.9	19.6
Allied Irish I£		290	+12	314	179	1,910	3.6	14.8
Anglo Irish I£		67	—	70	28	61.9	6.4	12.2
Asahi Y		895¼	+8¼	946	415	[illegible]	0.6	–
Banco Bil Viz Pta		£35	–	£37⅞	£13⅞	[illegible]	5.3	7.0
Banco Sant Pta		£32⅛	—	£36	£24	[illegible]	4.1	12.2
Bank Leumi (UK)		375	—	375	325	30.7	5.7	–
Bk Ireland I£	□	293	+10	319	177	1,381	4.3	21.6
Bank Scotland	†□	232	+6	247	118½	2,700	2.5	31.5
9¼pc Pf		139½	+¼	141½	117¼	139.5	8.3	–
9¾pc Pf		146	+½	148½	122½	146.0	8.3	–
Barclays	†N□	599	–8	652	352	9,599	2.7	–
Dai Ichi Kan Y		£12¼	+	£15	£8	38,181	0.4	67.7
Deutsche DM		£309	+6	£348	£250½	14,747	2.0	–
Espirito Santo		£25	+	£28	£16½	271.0	3.2	6.1
First Nat Fin	N□	88	+3	95	45	146.7	2.1	–
8.3pc Cv Pf		89	+2	91	55	5.98	8.8	–
7pc Cv Pf		165½	+2½	169	105	78.5	5.3	–
Fuji Bank Y		1394½	+17¼	1651	876	40,376	0.4	–
HSBC HK	†□	1064	+27	1133	474	18,162	2.3	25.5
HSBC (75p Shs)	†□	1043	+27	1113	490	8,563	2.4	25.0
Lloyds	†□	606	–9	690	482	7,781	3.9	17.3
Mitsubishi Y		£17	+	£19¼	£11⅞	61,719	0.3	–
Mits Tst & Bk Y		902¼	+19	[illegible]	462½	11,756	0.8	14.5
Mitsui Tst & Bk Y		724¼	+42½	[illegible]	374	8,082	0.7	24.7
Nat Aust A$		614¼	+7	628¼	322	8,083	3.9	15.0
NatWest	†□	542	–14	594	395	9,006	4.1	32.9
Ottomane FFr		£33	+	£33	£23¼	165.0	4.5	9.7
Ryl Bk Scotland	N□	469	–7	509	207	3,987	2.8	22.6
Sakura Y		£9	+	£11	£5¼	30,874	0.5	58.2
Sanwa Y		£13	+	£16	£7¼	39,320	0.4	–
Standard Chartd	†□	1363	–17	1437	576	3,271	1.9	–

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - [illegible]

	Notes	Price	+ or -	1993/94 high	low	Yld Gr's	NAV	Dis or Pm(-)
Pa?ibas French		145	+4	149	90	1.0	145.1	0.1
Perpetual Japan		113½	+4½	119	83	–	103.6	-8.7
Warrants		62	+3	66	37	–	–	–
Personal Assets	†	£93½	+3	£93½	£78½	2.5	9632.6	2.9
P&F Inv		151	+1	153	96	0.4	140.0	-7.3
Warrants		65	–	69	21	–	–	–
C		114	+1½	117	100	–	109.1	-4.3
Primadona		273	–	283	157	2.1	323.4	15.6
RIT Capital		185½	+2½	189	100	0.8	225.5	17.7
2½pc Cv Ln 2000		£183½	+3½	£186½	£100½	1.4	–	–
Raileitrust		61	+1	65	47	–	69.6	-15.1
Rights & Iss Inc	†	103	+3	103	114	6.4	–	–
Cap		523	+15	535	303	2.0	564.5	7.4
Riv & Merc Am Inc		120	+2	120	108	8.1	–	–
Cap		37	+1	38	27	–	48.3	23.4
Warrants		17	+1	17	11	–	–	–
Riv & Mer Ext	N	147xd	+4	147	87	0.8	140.6	-4.4
Warrants		49	+6	49	13	–	–	–
Zero Div Pf		117½	+½	118½	103	–	–	–
Riv & Mer Geared		110	+2	118	81	8.6	–	–
Prtd Cap 1999		34½	+2	38	18	–	40.7	15.2
Riv & Merc Smllr	N	168	+4	170	95	3.0	158.3	-5.8
Warrants		76	+7	77	22	–	–	–
Riv & Merc Tst Inc		123	+3	127	108	8.3	–	–
Cap		148	+10	150	55	–	257.5	42.5
Warrants		40	+3	40	8	–	–	–
Do. Stpnd Prf	N	162	+½	163	147	4.3	–	–
River Plate Inc	N	108	+2	118	98	10.2	–	–
Cap		113	+10	118	26	–	205.9	45.1
Warrants		8	+1	11	1	–	–	–
Zero Div Pf		85	+¼	85¼	77¼	–	–	–
St Andrew		339	+7	339	214	2.9	352.7	3.9
St David's Inc		138	–	153	123	13.8	–	–
Cap		220	+7	223	78	–	302.4	30.3
Zero Prf		150¼	+¼	151½	131	–	–	–

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

OIL, INTEGRATED

[illegible]

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

LEISURE & HOTELS

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SPIRITS, WINES & CIDERS - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

yield after scrip issue. ▪ Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1994. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

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FT MANAGED FUNDS SERVICE

■ FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
61 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	170.1	171.6	180.7	+1.10	0.00
AIB Grofund Equity	5	258.2	258.8	273.9	+3.80	1.26
AIB Grofund Euro	5	202.7	204.1	214.9	+1.70	0.00
AIB Grofund Expt Balanced	3	123.4	123.8	128.3	—	0.99
AIB Grofund Gilt	3	81.51	81.52	84.05	+0.14	4.34
AIB Grofund Japan	5	179.0	180.7	190.2	+1.50	0.00

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✝) - 0001 to 1100 hours; (‡) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 [illegible] for more details.

TSB Unit Trusts (1200)F
Charlton Pl, Andover, Hants. SP10 1RE 0264 345794

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	225.32	228.32	242.92	+1.95	–
Do Accum	6	251.48	251.48	267.54	+2.15	–
TSB Bnf Growth	6	102.50	102.50	109.04	[illegible]	1.52
Do Accum	6	121.38	127.38	135.13	[illegible]	1.52
TSB European	6	114.10	114.10	121.48	+2.34	0.14
Do Accum	6	121.36	121.36	128.71	+2.48	0.14
TSB Extra Income	6	223.05	226.25	240.69	+4.47	3.31
Do Accum	6	364.70	369.92	393.53	+7.38	3.31
TSB Smaller Cos	6	80.73	82.77	88.05	[illegible]	0.63
Do Accum	6	89.75	92.02	97.48	+1.12	0.63
TSB General	6	313.60	318.08	338.38	+6.27	1.91
Do Accum	6	631.76	640.78	681.49	[illegible]	1.91
TSB Premier Income	5	55.78	56.77	60.14	+0.22	5.51
Do Accum	5	121.82	123.18	128.31	+0.46	5.51
TSB Income	6	385.45	391.12	416.09	+7.35	2.91
Do Accum	6	876.31	826.33	881.20	[illegible]	2.91
TSB Pacific	6	461.58	461.58	491.04	+7.40	–
Do Accum	6	485.00	485.00	515.96	+7.60	–
TSB International	6	586.64	586.64	624.06	+7.46	0.07
Do Accum	6	769.92	769.92	819.06	+9.79	0.07
TSB Nat Resources	6	182.56	182.56	194.22	[illegible]	0.01
Do Accum	6	200.36	200.36	213.15	[illegible]	0.01
TSB Skrld Opps	6	121.05	122.07	129.86	[illegible]	0.80
Do Accum	6	152.75	154.04	163.87	[illegible]	0.80
Environmental Inv	6	68.89	68.89	73.29	-1.51	1.33
Do Accum	6	74.89	74.89	79.45	+1.64	1.33
TSB Selector	6	70.24	71.36	75.91	+1.31	1.88
Do Accum	6	78.05	79.30	84.36	+1.46	1.88
TSB High Income	6	72.46	73.20	77.87	+1.72	3.99
Do Accum	6	88.17	89.18	94.88	+2.10	3.99
TSB Gilt Income	6	63.70	64.23	68.33	+0.45	4.42
Do Accum	6	75.21	75.74	80.57	+0.53	4.42
TSB Selector Income	6	68.29	69.02	73.43	+0.92	4.52
Do Accum	6	77.60	78.43	83.44	+1.04	4.52

T.U. Fund Managers Limited (1200)H
NLA Tower, Addiscombe Road, Croydon 081-[illegible]

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
T U British	5	360.8	366.2	388.4	+6.7	[illegible]
T U European	5	53.66	53.96	56.41	+0.32	[illegible]

Templeton Unit Trust Managers Ltd (1200)F
20 Castle Terrace, Edinburgh EH1 2EH 031-228 [illegible]

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Global Growth Acc	6	[illegible]	234.75	251.67	[illegible]	1.43
Global Growth Inc	6	[illegible]	212.92	227.73	[illegible]	1.43
Global Balanced Acc	6	[illegible]	206.20	[illegible]	[illegible]	2.44
Global Balanced Inc	6	[illegible]	181.85	194.49	[illegible]	2.44
Value Tst Acc	6	[illegible]	139.82	149.65	[illegible]	1.26
Value Tst Inc	6	[illegible]	128.28	137.19	[illegible]	1.26

Thornton Unit Managers Ltd (1200)F
33 Queen Street, London EC4R 1AX 071-246 3000
Dealing 071-246 3001

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Emrlr Cos	5	70.40	70.40	75.09	+0.77	0.00
(Accum Units)	5	72.61	72.61	77.45	+0.78	0.00
Dresdner Europe Bd	5	44.53	44.53	46.80	+0.17	[illegible]

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

AXA Equity & Law Life Assce
Amersham Road, High Wycombe 0494 463463

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equities Ser 5	1007.2	1060.2	+23.4	–
Higher Income Ser 5	1090.9	1148.3	+24.8	–
Property Ser 5	525.2	552.8	+0.5	–
Fixed Interest Ser 5	425.6	447.9	+4.2	–
Index Lnkd Secs Ser 5	188.2	198.1	+1.6	–
Gtd Deposit Ser 5	288.2	304.4	+0.2	–
Nth America Ser 5	433.7	456.5	+3.6	–
Far East Ser 5	594.8	626.2	+18.1	–
Europe Ser 5	374.2	393.8	+8.4	–
International Ser 5	575.1	605.3	+11.3	–
Balanced Ser 5	720.3	758.2	+14.1	–
Reserve Ser 5	149.5	157.3	+0.5	–
Opportunity Ser 5	165.6	174.3	+2.0	–
Distribution Ser 5	110.1	115.8	+0.8	–
Pens Equity Ser 3 (z)	1388.5	1461.5	-38.3	–
Pens Higher Inc S 3 (z)	337.8	355.5	-8.4	–
Pens Fixed Int S 3 (z)	569.9	599.8	-3.0	–
Pens Index-Linked Ser 3 (z)	243.2	255.9	-1.7	–
Pens Property S 3 (z)	488.5	514.2	–	–
Pens N America S 3 (z)	189.6	199.5	-5.4	–
Pens Far East S 3 (z)	343.7	361.7	-8.2	–
Pens Europe S 3 (z)	206.9	217.7	-4.8	–
Pens Overseas S 3 (z)	859.2	904.4	-20.0	–
Pens Balanced S 3 (z)	873.0	919.3	-17.2	–
Pens Cash S 3 (z)	420.3	442.2	–	–
Pens DAF Series 3 (z)	235.2	247.5	–	–
Pens DAF Series 1 (z)	466.5	491.0	–	–
Pens Opportunity S 3 (z)	177.5	186.8	-4.6	–
Pens Reserve S 3 (z)	172.6	181.6	-0.4	–

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Ser. 1	273.1	[illegible]	–	–
Equity Ser. 1	184.5	[illegible]	+2.40	–
Prop. Acc. Ser 2	468.7	[illegible]	–	–
Equity Ser 2	279.5	[illegible]	+3.10	–
Selective Acc. Ser 2	501.8	[illegible]	+3.70	–
Prop. Ser. 4	388.4	[illegible]	–	–
Equity Ser. 4	226	[illegible]	+2.40	–
Man. Ser. 4	701.0	[illegible]	+6.60	–
Fixed Int. Ser. 4	360.5	[illegible]	+3	–
Indexed Inv. Ser 4	219.5	[illegible]	-1.50	–
American Ser. 4	522.3	[illegible]	-2.30	–
Japan Ser 4	373.4	[illegible]	+4.50	–
European Ser 4	169.8	[illegible]	+1.10	–
High Inc. Ser. 4	706.6	[illegible]	+7.90	–

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Liver Assurance				
Royal Liver Building, Liverpool, L3 1HT. 051-236 1451				
UK Equity	84.8	89.0	—	-
Global Equity	62.3	65.6	—	-
High Yield	81.9	86.2	—	-
Intl Equity	90.3	95.0	—	-
Fixed Interest	82.6	86.9	—	-
Money	76.1	80.1	—	-
Managed	85.9	90.4	—	-
Pensions				
UK Equity	92.7	97.6	—	-
Global Equity	66.8	70.3	—	-
High Yield	96.2	101.3	—	-
Intl Equity	101.7	107.0	—	-
Fixed Interest	99.50	104.7	—	-
Money	94.1	99.1	—	-
Managed	97.3	102.4	—	-
Tax Exempt				
Tax Exempt Mgd	72.9	76.7	—	-
S-E-Banken Life Assurance Co Ltd				
149-151 High Rd, Chadwell Hth RM6 6PJ 081-597 7566				
Managed Fund	161.7	170.3	-2.3	-
Pension Mngd Fd	182.9	192.6	-3.2	-
Save & Prosper Group (z)				
16-22 Western Rd, Romford RM1 3LB 0708-766966				
Bal Inv Fd	786.9	832.7	+2.3	2.10
Coverdale AG Bond Fd	169.8	178.7	-1.2	-
Deposit Fd†	358.7	380.7	—	5.76

	Bid Price	Offer Price	+ or -	Yield Gross
Skandia Life Assurance Co Ltd - Contd.				
Fidelity Managed	[illegible]	229.1	-4.1	-
Fleming Managed Inv Tst		155.5	-5.6	-
F & C Investment Trust	188.3	198.2	-8.2	-
Framlington Managed	246.0	258.9	-3.7	-
Gartmore Managed	276.0	290.5	-4.4	-
Henderson Managed	276.3	290.8	-5.4	-
Hill Samuel Managed	241.2	253.8	-4.4	-
Invesco Managed	209.4	220.4	-3.6	-
James Capel Core Mngd	145.9	153.5	-2.8	-
Kleinwort Benson Mngd	145.1	152.7	-2.3	-
Morgan Grenfell Mngd	161.9	170.4	-2.9	-
Morgan Grenfell Mngd	165.4	174.1	-2.3	-
Murray J'stone Managed	159.0	167.3	-4.9	-
Perpetual Managed	230.3	242.4	-5.0	-
Schroder Managed	143.2	150.7	-2.2	-
Pension Managed Funds				
Skandia Cautious	162.9	171.4	-2.6	-
Skandia Balanced	619.8	652.4	-10.6	-
Skandia Ethical Selection	142.7	150.2	-0.4	-
Skandia Deposit	447.9	471.4	+0.1	-
Abtrust Managed	149.0	156.8	-3.3	-
Baring Managed	170.7	179.6	-4.5	-
BZW Managed	135.5	142.6	-2.3	-
CU Managed	305.1	321.1	-7.6	-
Fidelity Managed	244.9	257.7	-5.6	-
Fleming Managed Inv Tst	172.2	181.2	-8.2	-
F & C Investment Trust	217.0	228.4	-10.9	-
Framlington Managed	382.8	403.0	-7.1	-
Gartmore Managed	414.6	436.6	-7.9	-

	Bid Price	Offer Price	+ or -	Yield Gross
Templeton Life Assurance Limited				
80 Union Street, Oldham OL1 1DT 061-624 7299				
Global Growth	201.90	214.80	—	-
Global Enterprise	210.98	224.44	—	-
Global Managed	191.37	203.59	—	-
Global Fixed Interest	145.97	155.30	—	-
Sterling Haven	122.92	130.77	—	-
Plan 2000 (Tied)	221.48	221.48	—	-
Tax Exempt (Tied)	120.04	129.83	—	-
Global Growth (Pen)	234.92	249.92	—	-
Global Enterprise (Pen)	232.16	246.99	—	-
Global Managed (Pen)	223.20	237.45	—	-
Global Fixed Int (Pen)	158.12	168.22	—	-
Sterling Haven (Pen)	133.00	141.50	—	-
Tunbridge Wells Equitable				
Abbey Court, Tunbridge Wells 0892 515353				
Assurances & Pensions				
Capital & Income	500.00	529.00	—	-
CSI Regular	95.00	100.00	—	-
CSI Exempt	112.80	118.70	—	-
Prize Plan Exempt		313.50	—	-
Do. Taxable		247.00	—	-
Beehive Bond Exempt		123.80	—	-
Do. Standard		106.60	—	-
Dominion Growth Exempt		156.10	—	-
Dominion Growth		111.80	—	-
Pens Managed Ordinary	190.20	200.20	—	-
Pens Deposit Ordinary	179.40	188.80	—	-

	Bid Price	Offer Price
Labrow International Group		
Fund of Funds	£2.03	2.19
Koneted Fastis High Yield	Ptc129.0	-
Fixed Interest	£2.02	2.18
Managed Income	0.483	0.520
PanEuroLife societe anonyme		
35 Av Marie-Therese, Luxembourg		
French Balanced Feb 2	FFr8881.11	
Gerrnan Balanced Jan 3	DM2863.07	
Global Equities Feb 2	$1307.70	
UK Secure Gth Feb 2	£861.74	
Intl Real Estate Feb 2	Ecu1874.85	
Balanced Jan 5	Ecu1198.53	
Oblig France 2002 Jan 25	FFr1404.63	
Oblig Belgique 2002 Feb 2	BFr1215.81	
Professional Investment Consultants		
CMI Actively Managed £	£1.521	1.636
CMI Actively Managed $	$0.615	0.662
PIC Growth Portfolio	$1.24	1.33
PROBECO $ Managed	$1.94	2.022
PROBECO £ Managed	£1.99	2.078
Worldwide Opportunities	1.711	1.839
Royal Life Intl PIC Intl Gth	$7.126	1.211
Lion Fund (Albany Intl)		$0.584
SPILA Flexible Growth		$1.398
Providence Capital International Ltd		
PO Box 121, St Peter Port Guernsey		
PCI Managed Funds		

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

For CIBC Asset Management see OTHER OFFSHORE FUNDS

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

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CURRENCIES AND MONEY

MARKETS REPORT

Rate cut hits Sterling.

Sterling yesterday moved lower against leading currencies after the Bank of England announced a 25 basis point cut in the minimum lending rate, *writes Philip Gawith.*

The decision to cut rates to 5.25 per cent from 5.50 per cent received a mixed reception in the [illegible]t. Some applauded the scope and timing of the move, while others questioned the government's motives and said it would harm sterling.

Sterling fell by nearly two pfennigs against the D-Mark to trade at DM2.59 before recovering to [illegible] in London at DM2.5956 from DM2.6111 on Monday. It also fell by over a cent [illegible] at $1.47 from $1.4811 on Monday.

While sterling's drop was by no [illegible], observers said the extent of its [illegible]ening left the rate [illegible] "at the margin" in [illegible] of [illegible].

■ The [illegible] announcement [illegible] the [illegible] unawares. Most observers had been predicting a ½ per cent cut in late March ahead of [illegible] into [illegible] in April. It is [illegible] years since the Bank last cut rates by [illegible] per cent. Many in the market welcomed this new approach saying it [illegible] greater flexibility in the conduct of monetary policy. Others noted that it appears to represent a shift towards the [illegible] incremental, fine-tuning of policy favoured by [illegible] countries in continental Europe.

Mr Kenneth Clarke, Chancellor of the Exchequer, told [illegible] that future [illegible] were likely to be of a similar size to yesterday's 25 point cut.

There was some puzzlement about the timing of the move. The government said the announcement was timed to coincide with the release of its [illegible] inflation report, but some observers queried whether the report shed any new light on the inflation outlook. The government, however, firmly [illegible] tions that the rate [illegible] was timed to obtain political [illegible].

Mr Michael Portillo, [illegible] secretary to the Treasury commented: "This has nothing to do with [illegible] or tax [illegible]. It [illegible] everything [illegible] with wanting to [illegible] interest [illegible] as low as they [illegible] ent with maintaining downward [illegible] on inflation."

One view is that the Bank would probably have liked to delay [illegible] for a while, but had its hand [illegible] by [illegible] noted "They probably recognised that if they didn't [illegible] they might not be able to [illegible] all."

Three [illegible] in particular [illegible] room for manoeuvre: the new trend in US interest rates; the prospect that the January inflation [illegible] to be released [illegible] week, [illegible] show inflation rising and make presentation of a policy-easing difficult; and the [illegible] that [illegible] will soon be taking [illegible].

Mr Eddie George, governor of the Bank of England, told reporters that the [illegible] had been taken last week at his monthly monetary meeting with the Chancellor, with the announcement timed to coincide with the release of yesterday's encouraging inflation report.

Another view heard in the market was that the size of the [illegible] represented a [illegible] mise [illegible] the government's wish for a ½ per cent change and the Bank's desire to hold its fire for the time being. The Bank was [illegible] not to want to cut rates too much ahead of an upcoming [illegible] auction. The last auction was not particularly successful in attracting funds.

■ The D-Mark and other EMS currencies traded in fairly narrow ranges yesterday with the focus on sterling. Following Friday's increase in US rates, the German currency held up quite well against the dollar to close at DM1.7658, slightly lower than Monday's close of DM1.7630.

The Bundesbank continued its recent practice and set the weekly repo at a fixed 6 per cent [illegible] with a 14-day maturity. There had earlier been speculation that it might set a [illegible] rate, which would have indicated a willingness for rates to fall.

Dealers in Frankfurt said the Bundesbank was intervening in the market, buying D-Marks [illegible] at around the [illegible] level. London dealers, however, said there was no [illegible] of the central bank's involvement in the market beyond its normal covert operations.

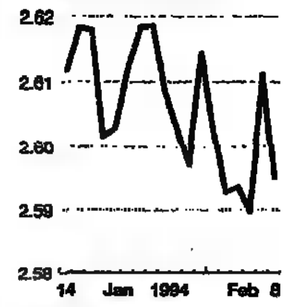
■ The [illegible] the yen remains fairly uncertain even [illegible] of a Y15.25trillion [illegible] package. Although Japanese [illegible] it should boost GNP by 2.2 per cent over a year, comments from senior US officials made clear the US has no [illegible] of easing [illegible] on Japan ahead of Friday's trade summit [illegible] Clinton and Mr Morihiro Hosokawa, the Japanese prime minister in Washington.

Mr Lloyd Bentsen, the US Treasury secretary, described the package as a "modest step". The yen closed in London at Y106.900 to the dollar, marginally down on Monday's close of [illegible].

■ The [illegible] England provided the UK money markets with [illegible] of late assistance yesterday. Earlier in the day the Bank provided the market with £1.024bn of liquidity compared to a revised forecast of a £1.1bn liquidity shortage. The outright and repurchase agreements with the market [illegible] conducted, following the rate [illegible], at new rates of 5¼ per cent and 5$\frac{3}{16}$ respectively.

Sterling

Against the DM (DM per £)



Source: FT Graphite

■ **Pound in New York**

[illegible]	—Latest—	— Prev. close —
£ spot	1.4720	1.4815
1 mth	1.4698	1.4791
3 mth	[illegible]	1.4746
1 yr	[illegible]	1.4631

POUND SPOT FORWARD AGAINST THE POUND

Feb 8		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	[illegible]	18.2355	-0.114	274 - 436	18.3972	18.2075	18.2317	0.2	18.2261	0.2	-	-	112.7
Belgium	(BFr)	[illegible]	-0.3115	861 - 410	53.9636	53.4061	53.5686	-1.2	53.6936	-1.3	54.0386	-1.0	113.3
Denmark	(DKr)	[illegible]	[illegible]	748 - [illegible]	10.1521	10.0591	10.0868	-1.0	10.1043	-1.0	[illegible]	[illegible]	[illegible]
[illegible]	(FM)	8.3045	[illegible]	952 - [illegible]	8.3831	8.2769	-	-	-	-	-	-	81.7
France	(FFr)	8.8013	[illegible]	870 - 056	8.8744	[illegible]	8.809	-1.0	8.8248	-1.1	8.8484	-0.5	107.3
Germany	(DM)	2.5956	-0.0155	946 - 966	2.6171	2.5891	2.5974	-0.8	2.6002	[illegible]	2.6023	-0.3	121.2
Greece	(Dr)	373.221	-2.077	838 - 603	376.040	372.629	-	-	-	-	-	-	-
Ireland	(I£)	[illegible]	-0.0055	417 - 441	1.0485	1.0399	1.0434	-0.6	1.0446	-0.7	1.0475	-0.4	103.3
[illegible]	(L)	[illegible]	-17.03	832 - 099	2523.23	2496.47	2506.05	-3.1	2519.95	-3.2	[illegible]	-2.8	76.7
Luxembourg	(LFr)	53.5136	-0.3115	861 - 410	[illegible]	[illegible]	[illegible]	-1.2	53.6936	-1.3	54.0386	-1.0	113.3
Netherlands	(Fl)	[illegible]	-0.012	083 - 112	[illegible]	[illegible]	[illegible]	-0.3	2.9106	-0.1	2.9041	0.2	117.3
Norway	[illegible]	11.1474	[illegible]	425 - 522	[illegible]	11.0706	11.1444	0.3	11.1367	[illegible]	[illegible]	0.0	84.4
Portugal	(Es)	260.622	[illegible]	[illegible] - 831	[illegible]	[illegible]	261.612	[illegible]	[illegible]	-4.6	-	-	-
Spain	(Pta)	[illegible]	-0.801	006 - 253	[illegible]	[illegible]	[illegible]	-3.8	[illegible]	-3.5	216.285	-2.9	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	223 - 390	[illegible]	[illegible]	11.8517	-2.1	11.8917	-2.1	[illegible]	[illegible]	77.2
Switzerland	[illegible]	[illegible]	-0.0028	775 - 797	2.1826	[illegible]	2.177	0.9	[illegible]	1.0	2.1523	1.2	117.4
UK	[illegible]	-	-	-	-	-	-	-	-	-	-	-	81.5
[illegible]	-	1.3345	-0.0061	336 - 364	[illegible]	1.3310	1.3359	-1.3	1.3384	-1.2	[illegible]	[illegible]	-
SDR†	-	0.928446	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4677	-0.0112	[illegible] - 681	[illegible]	[illegible]	-	-	-	-	-	-	-
Brazil	[illegible]	[illegible]	+8.355	[illegible] - 832	758.000	745.000	-	-	-	-	-	-	-
[illegible]	(C$)	[illegible]	-0.0131	726 - 743	1.9870	[illegible]	1.9712	1.4	1.9669	1.3	1.9557	0.9	90.5
[illegible]	(New Peso)	[illegible]	-0.0337	624 - 675	4.6157	[illegible]	-	-	-	-	-	-	-
USA	($)	1.4700	-0.0111	[illegible]	1.4875	[illegible]	1.4676	1.6	1.4637	1.7	[illegible]	1.1	67.7
Pacific/Middle East/Africa													
Australia	[illegible]	[illegible]	-0.0256	448 - 472	2.0783	2.0437	[illegible]	[illegible]	2.0422	0.8	[illegible]	[illegible]	-
Hong Kong	[illegible]	[illegible]	-0.0623	843 - 926	11.5224	11.3619	11.3666	2.3	11.3324	2.0	11.2323	1.4	-
India	(Rs)	[illegible]	[illegible]	977 - [illegible]	46.6590	46.0230	-	-	-	-	-	-	-
Japan	(Y)	[illegible]	[illegible]	[illegible] - 185	[illegible]	159.420	159.713	2.7	158.913	2.9	155.448	2.9	181.8
Malaysia	(M$)	[illegible]	-0.0384	565 - 599	4.1090	4.0504	-	-	-	-	-	-	-
New Zealand	[illegible]	[illegible]	[illegible]	523 - 565	2.5937	2.5522	2.5574	-1.4	2.5617	-1.1	2.5705	-0.6	-
Philippines	[illegible]	[illegible]	[illegible]	670 - 743	40.8743	40.2670	-	-	-	-	-	-	-
Saudi Arabia	[illegible]	[illegible]	[illegible]	110 - 142	[illegible]	[illegible]	-	-	-	-	-	-	-
[illegible]	[illegible]	[illegible]	-0.0199	337 - 363	[illegible]	[illegible]	-	-	-	-	-	-	-
S Africa (Com.)	[illegible]	[illegible]	-0.034	503 - 549	[illegible]	[illegible]	-	-	-	-	-	-	-
S Africa (Fin.)	[illegible]	[illegible]	[illegible]	581 - 759	6.6537	[illegible]	-	-	-	-	-	-	-
South Korea	(Won)	[illegible]	[illegible]	165 - 256	[illegible]	[illegible]	-	-	-	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	39.3000	[illegible]	-	-	-	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	37.8270	[illegible]	-	-	-	-	-	-	-

†SDR rate for Feb.7. Bid/offer spreads in the Pound Spot [illegible] only the last [illegible] decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

[illegible]		Closing mid-point	Change on day	[illegible] spread	Day's mid high	[illegible]	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
[illegible]	[illegible]	12.4055	[illegible]	[illegible]	[illegible]	[illegible]	12.4255	-1.9	12.4607	-1.8	12.5275	-1.0	102.2
Belgium	(BFr)	36.4050	+0.0825	950 - 150	36.4450	36.2600	36.495	-3.0	36.685	-3.1	37.175	-2.1	103.0
Denmark	[illegible]	6.8565	+0.0157	955 - [illegible]	6.8681	6.8181	6.874	-3.1	6.904	-2.8	6.9725	-1.7	103.0
Finland	[illegible]	[illegible]	[illegible]	445 - [illegible]	[illegible]	[illegible]	5.6542	-1.0	5.664	-1.0	5.697	-0.8	76.4
[illegible]	(FFr)	[illegible]	+0.0134	880 - 890	[illegible]	[illegible]	6.0016	-2.6	6.0288	-2.8	6.0875	-1.7	103.7
[illegible]	[illegible]	[illegible]	+0.0028	656 - 660	[illegible]	[illegible]	1.7696	-2.6	1.7762	-2.4	1.7892	-1.3	103.0
[illegible]	(Dr)	[illegible]	+0.5	700 - 100	264.100	[illegible]	256.9	-14.2	263.9	-15.6	293.4	-16.8	71.1
[illegible]	(I£)	[illegible]	-0.0033	082 - 108	1.4195	[illegible]	1.4084	2.8	1.4006	2.6	1.3845	1.8	-
Italy	[illegible]	[illegible]	[illegible]	000 - 100	[illegible]	[illegible]	1707.25	-4.8	1721.3	-4.8	1766.8	-3.9	77.3
[illegible]	(LFr)	36.4050	[illegible]	950 - [illegible]	36.4450	36.2600	36.495	-3.0	36.685	-3.1	37.175	-2.1	103.0
[illegible]	(Fl)	1.9795	[illegible]	790 - [illegible]	1.9800	1.9680	1.9827	-2.0	1.9881	-1.7	1.9967	-0.9	102.7
Norway	(NKr)	[illegible]	[illegible]	820 - 850	7.5857	[illegible]	7.5925	-1.4	7.612	-1.5	7.6545	-0.9	94.3
Portugal	(Es)	[illegible]	[illegible]	200 - 400	177.400	[illegible]	178.195	-6.1	180.02	-6.1	187	-5.5	94.0
Spain	[illegible]	[illegible]	[illegible]	900 - 000	[illegible]	[illegible]	143.58	-6.3	144.8	-5.2	148.7	-4.0	80.4
Sweden	[illegible]	[illegible]	+0.0671	[illegible]	[illegible]	[illegible]	8.0742	-3.8	8.1229	-3.7	8.2674	-2.7	83.0
Switzerland	(SFr)	1.4821	+0.0092	817 - 825	[illegible]	1.4657	1.483	-0.8	1.4844	-0.6	1.4798	0.2	104.8
UK	(£)	1.4700	-0.0111	695 - 705	[illegible]	1.4670	1.4678	1.8	1.4637	1.7	1.4535	1.1	81.0
Ecu	-	[illegible]	-0.0033	[illegible]	1.1077	1.1010	1.0999	2.8	1.0957	2.5	1.0832	1.7	-
SDR†	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9985	-0.0001	984 - 985	0.9985	0.9984	-	-	-	-	-	-	-
Brazil	(Cr)	513.245	+9.487	240 - 250	513.255	513.240	-	-	-	-	-	-	-
[illegible]	(C$)	[illegible]	+0.0013	423 - 428	1.3457	[illegible]	1.343	-0.4	1.3439	-0.4	[illegible]	-0.2	86.7
[illegible]	(New Peso)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.1071	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.6
[illegible] East/Africa													
Australia	[illegible]	[illegible]	-0.0068	914 - 924	[illegible]	[illegible]	1.3929	-0.9	[illegible]	-1.1	[illegible]	-0.8	89.4
Hong Kong	[illegible]	[illegible]	+0.013	465 - 485	[illegible]	[illegible]	7.749	-0.2	[illegible]	-0.2	[illegible]	-0.2	-
India	(Rs)	31.3700	[illegible]	[illegible] - 725	31.3725	31.3675	31.435	-2.5	[illegible]	[illegible]	-	-	-
[illegible]	(Y)	106.900	+0.195	[illegible] - 950	106.950	106.340	[illegible]	1.0	[illegible]	1.3	106.95	1.6	[illegible]
Malaysia	(M$)	2.7608	-0.0052	[illegible] - 613	2.7678	2.7580	[illegible]	2.6	[illegible]	1.1	2.7758	-0.5	-
[illegible] Zealand	(NZ$)	[illegible]	-0.0094	357 - 386	[illegible]	[illegible]	1.7394	-1.1	1.7439	-1.4	1.7561	-1.2	-
Philippines	(Peso)	[illegible]	-	000 - 000	[illegible]	[illegible]	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	-0.0002	500 - 504	3.7504	3.7500	[illegible]	-0.8	3.7560	-0.7	3.7767	-0.7	-
Singapore	(S$)	1.5885	-0.0015	880 - 890	1.5908	1.5856	[illegible]	0.9	1.5862	0.8	1.5975	-0.6	-
S Africa (Com.)	(R)	3.4373	+0.0028	365 - 380	3.4400	3.4320	3.4543	-5.9	3.4833	-5.4	3.5906	-4.5	-
S Africa (Fin.)	(R)	4.4675	+0.0275	625 - 725	4.4800	4.4550	4.4985	-8.3	4.5575	-8.1	-	-	-
South Korea	[illegible]	[illegible]	+1.8	000 - 100	[illegible]	810.000	[illegible]	-4.4	[illegible]	-3.2	836.05	-3.1	-
[illegible]	(T$)	26.4400	[illegible]	300 - 500	26.4500	26.4200	26.5425	-4.7	26.69	-3.8	-	-	-
[illegible]	(Bt)	25.4400	-0.01	300 - 500	25.4500	25.4300	[illegible]	-3.3	25.65	-3.3	25.79	-1.4	-

[illegible] Bid/offer spreads in the Dollar [illegible] the last three decimal places. Forward rates are not directly quoted to the market [illegible] current interest rates. UK, Ireland & ECU [illegible] in US currency. J.P. Morgan indices shown for Feb.7. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 8		BFr	DKr	FFr	DM	I£	L	Fl	NKr	[illegible]	Pta	[illegible]	[illegible]	£	C$	$	Y	Ecu
Belgium	[illegible]	[illegible]	[illegible]	16.45	4.861	1.949	[illegible]	5.436	20.84	487.0	[illegible]	22.11	4.072	[illegible]	3.669	2.747	289.2	2.495
Denmark	(DKr)	53.09	[illegible]	8.731	2.575	1.035	2460	2.887	11.06	258.5	208.4	11.74	[illegible]	0.992	1.955	[illegible]	[illegible]	1.324
France	(FFr)	60.80	[illegible]	[illegible]	2.950	1.185	2841	3.306	12.67	296.1	[illegible]	13.44	2.475	1.136	2.243	[illegible]	[illegible]	1.517
Germany	[illegible]	20.61	[illegible]	3.390	1	0.402	[illegible]	[illegible]	[illegible]	100.4	80.93	4.557	0.839	[illegible]	0.760	0.566	61.87	0.514
Ireland	[illegible]	51.30	[illegible]	8.438	2.489	1	[illegible]	[illegible]	[illegible]	249.9	201.4	11.34	2.089	0.959	1.893	1.409	153.6	1.280
Italy	[illegible]	2.140	0.403	0.352	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.473	[illegible]	[illegible]	0.079	0.059	[illegible]	[illegible]
Netherlands	[illegible]	18.39	[illegible]	[illegible]	0.892	[illegible]	[illegible]	1	3.832	89.55	72.20	[illegible]	0.749	0.344	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	(Pta)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UK	(£)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	(C$)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US	($)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	(Y)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

■ STERLING FUTURES (IMM) £62,500 per £

EMS EUROPEAN CURRENCY UNIT RATES

Feb 8	[illegible]	Rate against Ecu	Change on day	[illegible] cen. rate	% spread [illegible]	Div. ind.
Ireland	[illegible]	0.781354	+0.001492	-0.37	6.60	23
Netherlands	[illegible]	2.17677	[illegible]	[illegible]	2.74	-
[illegible]	40.2123	[illegible]	+0.0377	[illegible]	2.06	1
[illegible]	[illegible]	[illegible]	-0.00202	-0.20	2.16	-
[illegible]	6.53883	6.59309	-0.00446	[illegible]	1.01	-5
Portugal	192.854	[illegible]	[illegible]	[illegible]	[illegible]	-9
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-11
Spain	154.250	157.281	-0.133	[illegible]	0.00	-14

NON ERM MEMBERS

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

WORLD INTEREST RATES

MONEY RATES

■ $ LIBOR FT London Interbank Fixing

EURO CURRENCY INTEREST RATES

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

* LIFFE futures also traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

All Open Interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

UK INTEREST RATES

LONDON MONEY RATES

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	Calls Mar	Jun	Sep	Puts Mar	Jun	Sep
9475	0.08	0.28	0.30	0.03	0.08	0.15
9500	0.01	0.13	0.17	0.21	0.16	0.27
9525	0	0.04	0.08	0.45	0.32	0.43

Est. vol. total, Calls 23662 Puts 13797. Previous day's open int., Calls 155650 Puts 159847

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.25	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.25
Bank of Ireland	5.5	●Hambros Bank	5.25	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	6.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Wimbledon & Sth West.	6.5
Barclays Bank	5.25	C. Hoare & Co	5.5	Yorkshire Bank	5.25
Brit Bk of Mid East	5.25	Hongkong & Shanghai.	5.25		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.25		
Clydesdale Bank	5.25	Midland Bank	5.25		
The Co-operative Bank.	5.25	* Mount Banking	6		
Coutts & Co	5.25	NatWestminster	5.25		
Credit Lyonnais	5.25	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses [illegible]

* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contracted rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate [illegible] to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int C[illegible] at which interest is [illegible] to the account.

صكذا من الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Feb 8 / Sch)

BELGIUM/LUXEMBOURG (Feb 8 / Frs.)

DENMARK (Feb 8 / Kr)

FINLAND (Feb 8 / Mks)

FRANCE (Feb 8 / Frs.)

GERMANY (Feb 8 / Dm.)

ITALY (Feb 8 / Lire)

NETHERLANDS (Feb 8 / Fls)

NORWAY (Feb 8 / Kroner)

SPAIN (Feb 8 / Pts.)

SWEDEN (Feb 8 / Kronor)

SWITZERLAND (Feb 8 / Frs.)

PACIFIC

JAPAN (Feb 8 / Yen)

AUSTRALIA (Feb 8 / Aust$)

HONG KONG (Feb 8 / H.K.$)

MALAYSIA (Feb 8 / MYR)

SINGAPORE (Feb 8 / S$)

NORTH AMERICA

CANADA

TORONTO (Feb 8 / Can $) 4 pm close

MONTREAL (Feb 8 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Feb 8 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are 1993-94, except Tokyo & Montreal (daily). ¶ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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TOKYO - MOST ACTIVE STOCKS: Tuesday, February 8, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fujitsu	23.1m	1,070	+20	NEC Corp	8.1m	1,070	+10
Furukawa Elec	10.8m	707	+27	Oki Elec Ind	8.0m	651	+5
Toshiba Corp	10.4m	738	+13	Nippon Steel	7.8m	352	+9
Nitsuko Corp	9.5m	1,600	+120	Sumitomo Elec	7.7m	1,680	+40
Itochu	8.3m	695	+15	Hitachi	6.8m	898	+21

INDICES

	Feb 8	Feb 7	Feb 4	1993/94 High		Low	
Japan							
Nikkei 225 (16/5/49)	20251.23	20014.40	20301.43	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	297.69	295.21	297.88	308.84	10/11/93	249.84	29/11/93
Topix (4/1/68)	1616.70	1601.44	1614.80	1698.67	3/9/93	1250.06	25/1/93
2nd Section (4/1/68)	2168.69	2149.03	2158.75	2304.97	7/6/93	1851.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	1108.72	1094.02	1147.32	1314.46	5/1/94	614.28	13/1/93

** Sat Feb 5 : Taiwan Weighted Price 6294.13; Korea Comp Ex 942.60. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Feb 8 - 2098.57 +4.46.

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Feb	2307.0	2309.0	+8.0	2329.0	2302.0	24,339	21,137
Mar	2320.5	2320.5	+8.0	2340.0	2318.0	3,016	45,976
Jun	2318.5	2318.5	+8.0	2332.0	2318.5	407	2,512

Open interest figures for previous day.

US INDICES

DJ Ind. Day's High 3923.48 (3979.75) Low 3840.75 (3857.83) (Theoretical♦)
Day's high 3910.28 (3908.51) Low 3858.32 (3870.01) (Actual♦)

	Feb 7	Feb 4	Feb 3	1993/94 High	Low	Since compilation High	Low
Standard and Poors							
Composite ‡	471.76	469.81	480.71	482.00 (2/2/94)	429.05 (8/1/93)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials	550.23	547.58	560.00	560.85 (2/2/94)	496.48 (26/4/93)	560.59 (2/2/94)	3.62 (21/6/32)
Financial	44.51	44.45	45.76	48.48 (28/9/93)	38.80 (8/1/93)	48.48 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	262.01	261.21	267.18	267.71 (2/2/94)	236.21 (8/1/93)	267.71 (2/2/94)	4.46 (28/4/42)
Amex Mkt Val	476.84	478.29	487.16	487.89 (2/2/94)	395.84 (8/1/93)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	779.21	777.28	787.79	800.47 (31/1/94)	645.87 (26/4/93)	800.47 (31/1/94)	54.87 (31/10/72)

RATIOS

	Feb 4	Jan 28	Jan 21	Year ago
Dow Jones Ind. Div. Yield	2.62	2.57	2.59	3.01
	Feb 2	Jan 26	Jan 19	Year ago
S & P Ind. Div. yield	2.28	2.35	2.34	2.46
S & P Ind. P/E ratio	28.51	27.89	28.13	27.44

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	472.20	472.10	+0.05	472.95	471.95	81,974	183,210
Jun	-	473.20	+3.20	-	-	987	6,474
Sep	-	474.70	+3.10	-	-	8	913

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Telefonos	4,133,400	74⅜	+1⅜
IBM	4,116,000	54⅜	+2⅜
Gen Motors	4,061,300	63	+1⅜
Citicorp	3,757,800	41	+⅜
RJR Nabisco	3,451,600	7⅝	-⅛
Merck	3,435,400	35⅜	—
Chrysler	3,424,700	61⅜	+⅛
Amer Express	3,312,700	30⅜	-⅛
GTE Corp	2,886,400	33⅝	-⅛
Glaxo Hlds	2,839,800	19⅝	+⅛

TRADING ACTIVITY

● Volume (million)

	Feb 7	Feb 4	Feb 3
New York SE	346.779	375.863	318.004
Amex	19.043	23.805	20.541
NASDAQ	370.024	376.035	331.623
NYSE			
Issues Traded	2,737	2,744	2,746
Rises	1,022	295	919
Falls	1,175	2,042	1,182
Unchanged	540	407	645
New Highs	18	97	137
New Lows	63	50	19

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

4 pm close February 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18 5/8	11 1/2	AAR	0.48	3.0	525	167	15 7/8	15 1/2	15 3/4	+1/4
29 3/8	12 3/4	A L Labs A	0.18	1.1	35	127	15 3/4	15 5/8	15 3/4	+1/4
67 1/4	54 5/8	AMP	1.68	2.7	21	1852	62	61 1/8	62	+5/8
72 3/4	55 1/2	AMR			33	3939	69 1/2	68 7/8	69 1/4	+1/4
5	1 3/4	ARX			18	186	4 5/8	4 3/8	4 5/8	+1/8
56 1/8	29 7/8	ASA	2.00	4.0	33	7217	50	49	49 7/8	+1 1/8
30 3/4	22 5/8	Abbtt L	0.68	2.3	17	9688	29 1/2	29	29 1/4	-1/4
13	8 3/4	Abitibi Pr	0.50	4.0	8	29	12 5/8	12 5/8	12 5/8	+1/8
15 5/8	8 3/4	Acptncetn			23	3	12 3/4	12 3/4	12 3/4	+1/4
36	25 1/2	ACE Ltd	0.40	1.5	4	3040	28	27 1/4	27 3/8	-3/8
12 5/8	10 3/4	ACM Gvt In x	1.09	8.8		156	12 3/8	12 1/4	12 3/8	+1/8
10 1/8	9 1/8	ACM GvOpp x	0.80	8.1		53	10	9 7/8	9 7/8	
10 5/8	8 3/4	ACM Gvt Sp x	0.96	9.5		323	10 1/4	10 1/8	10 1/8	-1/8
12 1/4	10 1/2	ACM Gvt Se x	1.09	9.3		792	11 3/4	11 5/8	11 3/4	
12 1/4	9 5/8	ACM Mgn x	1.08	9.4		193	11 1/2	11 3/8	11 1/2	+1/8
9 3/8	8 5/8	ACM Managd x	0.72	8.0		21	9	9	9	
12 3/8	7 3/4	AcmeClv	0.44	4.5	12	10	9 7/8	9 3/4	9 7/8	
11 3/8	6 3/8	Acme Elect			36	136	8 1/2	8 1/8	8 1/2	+1/4
27 5/8	18 3/8	Acordia	0.44	1.9	13	15	23 1/4	23 1/4	23 1/4	
9 1/4	6 5/8	Actava	0.36	4.2	17	631	8 5/8	8 1/8	8 1/2	+3/8
16	10 3/8	Acuson			51	249	11 1/2	11 3/8	11 3/8	
21 3/4	17 5/8	Adams Expr	0.39	2.2	0	394	18	17 7/8	17 7/8	-1/4
88 1/4	45 1/2	Ad Micro	3.00	5.7		58	52 7/8	50 3/4	52 3/4	+2
32 3/4	16 3/4	AdvMic	3.00	13.6	9	12489	22 1/8	20 3/8	22	+1 5/8
8 1/8	5 1/2	Advest Grp	0.16	2.4	10	90	6 7/8	6 5/8	6 3/4	
24 3/4	14 3/4	Aovo Inc	0.08	0.4	120	191	18	18	18	-1/4
58 1/2	41 1/8	Aegon ADR	1.23	2.3	11	33	54 3/8	53 5/8	53 7/8	-1/4
66 1/4	43 3/8	AetnaL	2.76	4.5	36	2740	62 1/4	60 3/4	61 3/4	+7/8
34	24 3/4	Aflac	0.40	1.4	13	1794	28 3/8	27 5/8	28 3/8	+1
22 1/8	16 3/4	Ahmnsn	0.88	5.0	8	1406	17 7/8	17 5/8	17 3/4	-1/8
[illegible]										

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

4 pm close February 8

NYSE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
Continued from previous page										
29½	18⅞	Safeg'd Sc			13	89	28⅝	28¼	28⅜	
24¾	13⅛	SftyKl	0.36	2.3	24	1349	16⅜	15⅞	15⅞	-½
22¾	10⅞	Safeway			26	5433	21½	20¾	21¼	+1⅛
5¾	2	SafewayW96				134	4⅞	4⅝	4⅞	+⅛
55½	37½	StJoePaper	0.20	0.4	284	54	54⅛	53⅝	54⅛	+⅛
37⅞	28	StJosL&P	1.80	6.2	14	20	29⅛	28⅞	29⅛	-⅛
98	75	StPaul	3.00	3.6	8	1698	84	82⅞	84	+⅝
11⅞	6⅛	Salant Crp			9	67	8	7⅞	7⅞	+⅛
75¼	39⅞	Sallie Mae	1.40	3.0	9	703	46⅞	46½	46⅞	
14⅞	12⅞	Salomon Br x	0.55	4.2		779	13⅜	13⅛	13¼	
51⅞	34	Salomn	0.64	1.3	6	999	48⅝	48	48½	+⅛
27¾	22⅞	SnDgGE	1.48	6.4	12	320	23½	23¼	23¼	
11⅞	8⅞	SantaFeERs	0.16	1.8	304	2239	9¼	8¾	9⅛	+⅜
40¼	35¼	SantaFePac	2.80	7.1	16	42	39⅝	39⅛	39⅝	+⅛
26¾	12¾	SanFeP	0.10	0.4	13	4737	24⅝	23⅞	24⅛	+⅜
31⅞	21	SaraLee	0.64	3.0	14	5548	21⅝	21⅛	21¼	
52¼	40⅛	Scana Corp	2.74	5.8	12	1256	47¾	47⅜	47⅜	
25¼	18¾	Scecrp	1.42	7.5	13	3827	19⅛	18⅞	18⅞	-⅛
40½	23⅞	SchererRP			29	683	39	38	38½	-½
71	51¼	SchrPl	1.80	3.0	14	11423	62½	59⅞	60¾	-1⅝
68⅞	54⅝	Schlmb	1.20	2.0	24	3875	59¼	58⅜	58⅞	+⅜
38⅞	16½	SchwabCh	0.28	1.0	13	2180	28¼	27¼	28	+¼
8⅞	5⅝	Schulltzer			121	58	u8½	8¼	8½	+¼
38⅞	17¾	SciAtl	0.12	0.4	55	4290	28	27¼	27½	-⅜
15	8⅞	Scotsman	0.10	0.7	14	54	u15¼	14¾	15⅛	+¼
48¾	31	ScottP	0.80	1.8	11	4563	45½	44⅞	45	+⅛

[illegible]

AMEX COMPOSITE PRICES

4 pm close February 8

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Bowne	0.20	11	34	22¾	22⅝	22⅝	+⅛
Brascan A	1.04	14	40	13¼	13⅛	13¼	+⅛
Cal Engy		17	1344	17¾	17⅝	17⅝	
Calprop		0	20	1	1	1	
Cambrex	0.20	13	184	22⅞	22¼	22⅞	+½
Can Marc	0.28	17	82	12½	12⅜	12½	+¼
Chmbrs A	0.01	10	2033	5⅛	4¾	5⅛	+¼
Chambers		10	15	5	4⅞	5	
Champion		34	248	23¾	22⅞	23⅝	+1⅝
Fluke (J)	0.52	67	84	27⅛	26⅝	26⅝	+¼
Forest La		29	598	49⅞	48⅝	48⅝	-½
Frequency		4	9	5¼	5¼	5¼	
Fr ofLoom		12	2750	32¾	32	32⅝	
Garan	0.80	9	78	31⅝	30½	30½	-1½
Giant FdA	0.70	15	369	24¼	23½	24	+½
Glatfltr	0.70	29	390	18	17⅞	17⅞	-⅛
Goldfield		12	207	⅝	⅝	⅝	+⅟₁₆
Greenman		36	34	7	6⅞	6⅞	
Media A	0.44	26	109	26	25½	26	+½
Mem Co	0.20	3	19	4	3⅞	3⅞	
Moog A		11	618	7½	7⅛	7⅜	-⅛
MSR Expl		2	4	⅟₁₆	⅟₁₆	⅟₁₆	
Nat Pint		10	274	4⅝	4½	4⅝	+⅟₁₆
New Line		34	182	25¼	25	25	
NY TmA	0.56	79	1973	27¼	26¼	26⅞	-⅜
NthCanOil	0.20	17	2	9⅛	9⅛	9⅛	
NumacE		140	12	7	6⅞	7	+⅛
UtdFoodsA		4	10	1⅞	1⅞	1⅞	
UtdFoodsB	0.20	93	3	1⅞	1⅞	1⅞	-⅛
UnivPints		17	27	6¾	6	6⅛	-⅝
US Cellul		218	478	28⅞	28¼	28⅜	-⅛
Westbrld		29	305	10¼	9¾	9⅞	-¼
Wstamer	0.80	20	38	28½	28¼	28¼	-¼
WRET	1.12	18	108	12⅞	12¾	12¾	-⅛
Worthen	0.60	10	45	21⅝	21¼	21½	+¼
Xytronix		6	105	6⅛	5⅞	6⅛	

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4 pm close February 8

NASDAQ NATIONAL MARKET

[illegible]

FINANCIAL TIMES Wednesday February 9 1994

AMERICA

Lower bond prices put brake on US stocks

Wall Street

US stock indices showed little change yesterday morning amid lingering concern over higher interest rates and a further softening of bond prices, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 3.37 ahead at 3,909.69, while the more broadly based Standard & Poor's 500 ebbed 0.73 to 471.03. In the secondary markets, the American SE composite edged 0.14 down to 476.70, but the Nasdaq composite added 1.56 to 780.76.

Volume on the NYSE was heavy, with 192m shares traded by 1 pm. Advancing issues led declines, 1,073 to 926.

Overnight rallies on many foreign stock markets provided a positive tone for Wall Street, which was already cheered by Monday's rebound from a 96-point rout in the final session of last week. Stocks climbed about 10 points within minutes of the opening bell.

However, in the absence of any major economic news, share prices could not sustain their forward momentum. News of a 4.2 per cent gain in fourth-quarter non-farm productivity barely raised a ripple.

Instead, investors were distracted by the US Treasury market, which continued to lose ground in the wake of the Federal Reserve's move to tighten short-term interest rates on Friday. The benchmark 30-year issue was trading *down 11/32 at 97 19/32 by midday,* amid additional concern over the issuance of new supply by the Treasury.

Among the blue chips, heavy gains by some stocks were nearly balanced with hefty losses by others. Caterpillar powered $2 ahead to $106⅛, while General Motors shifted $1⅛ higher to $64.

But Sears plummeted $2¼ to $48⅞ after the retailer disappointed investors with its fourth-quarter operating results.

By contrast, Allied Signal jumped $1⅞ to $77⅞ after posting fourth-quarter net earnings of 41 cents a share, against 32 cents a year earlier, and boosting its dividend by 16 per cent.

Alcoa, another Dow industrial, showed no signs of stumbling. It added a further $⅞ to $79¼ as investors followed through on Monday's announcement of deep production cuts. 3M climbed $1⅞ to $106⅝.

In pharmaceuticals, Pfizer was marked down $3 to $58⅝. The company warned of lower profits in the first quarter, following a sharp slowdown in sales growth in the final three months of last year. The bearish sentiment spilled over into other some drug stocks. Schering-Plough lost $2⅜ to $60.

Consumer products companies, which have stayed out of the limelight in recent weeks, resurfaced with moderate losses. Philip Morris shed $1 to $58⅜. Procter & Gamble was sharply lower as well, but *recovered to $57⅞, down $⅞.*

On the Nasdaq, America Online surged $3½ to $74, after a $5⅞ gain the previous session. The company, which offers information services through home computers, announced a strategic alliance with NBC late on Monday. In other technology issues, Sierra On-Line jumped $2⅛ to $22 on news of strong earnings, but Microsoft fell $2 to $78⅞.

Canada

Toronto reversed course at midday to trade mixed with a weaker bias as an earlier precious metals recovery ran out of steam and tobacco stocks were marked lower.

The TSE 300 composite index eased 6.60 to 4,442.11 at noon in volume of 46.2m shares. Advancing issues led declines 348 to 297, with 345 issues holding steady. Toronto's precious metals sector fell 73.42, or 0.7 per cent, to 10,363.34.

Brazil

São Paulo was 4.4 per cent ahead by midsession as investors awaited a congressional vote on a major element of the government's anti-inflation programme, which was expected either later yesterday or today. The Bovespa index was up 3,745 at 88,618 by 1 pm.

Congress is expected to vote on a measure creating a social welfare fund which would help to balance the 1994 budget.

EUROPE

Rate cuts rewarded in Belgium, Norway

Rate cuts were rewarded in Brussels and Oslo, but bourses lost some of their early gains as Wall Street moved to marginal weakness in the American mid-morning, *writes Our Markets Staff.*

FRANKFURT's Dax index rose 27.81, or 1.3 per cent, on the session to 2,107.21, but most of this reflected Monday's post-bourse gains. Turnover fell from DM10.8bn to DM9.8bn.

The Ibis-indicated Dax closed the afternoon just 4.46 ahead at 2,099.57. "The only high we had today was in the jobless figures," mourned Mr Edgar Benischek, head of trading at Bank Julius Bär in Frankfurt.

Mr Benischek said that Mr Hans Tietmeyer, president of the Bundesbank, seemed determined that the D-Mark should not depreciate against the US dollar and that interest rate prospects were weakened accordingly.

Not enough companies were producing an improving picture at the moment, he said, although Degussa, which was an early cost cutter, came up with good results yesterday and saw its shares rise DM13 on the session, to DM467.

PARIS turnover slipped below the FFr5bn level as many investors decided to take a watching brief. The CAC-40 index closed 12.79 higher at 2,299.85, off the day's high of 2,318.00.

Roussel Uclaf, the pharmaceuticals group, rose FFr28 to FFr724 on better than expected 1993 results, assisted by good sales growth in the fourth quarter. Paribas recently recommended a continued underweight position in the sector, given that prices could come under greater pressure in the short term. It did recommend Roussel however, noting that its position will be enhanced further by restructuring.

Eurotunnel went in the opposite direction, down FFr1.85 to FFr50.15 after announcing that the May 8 opening of the passenger service could be delayed.

AMSTERDAM was lifted by activity, particularly from UK and US investors, among the heavily capitalised issues. The AEX index rose 8.11 or 1.9 per cent to 436.54.

Nedlloyd added 10 per cent on a positive profit forecast for 1994, the shares gaining Fl 7.00 to Fl 76.60. The group also said that it was launching a Fl 300m convertible bond which would be used to repay debt.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Feb 8 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1515.21	1519.19	1520.76	1521.27	1520.21	1517.86	1514.63	1512.37
FT-SE Eurotrack 200	1579.57	1583.80	1583.17	1585.84	1583.80	1580.77	1575.31	1574.86

	Feb 7	Feb 4	Feb 3	Feb 2	Feb 1
FT-SE Eurotrack 100	1495.54	1529.77	1527.17	1540.13	1532.83
FT-SE Eurotrack 200	1557.75	1592.27	1594.74	1607.10	1596.18

Base value 1000 (26/10/90); High/day: 100 - 1523.17; 200 - 1587.53 Low/day: 100 - 1511.83 200 - 1572.89.

MILAN recovered on domestic and foreign buying, the Comit index rising 12.87 or 1.9 per cent to a year's high of 677.75.

Fiat companies benefited as investors, trying to rebuild positions, met a dearth of sellers. Fiat rose L173 or 3.6 per cent to L4,963 and Ifil added L336 or 5.4 per cent to L6,544 amid renewed speculation that it might sell all or part of its Rinascente stake. Rinascente gained L569 or 6 per cent to L10,047.

The banking sector continued to receive support from the success of the IMI privatisation and plans to force any group taking controlling blocks in privatised banks to launch a public offer. Credito Italiano rose L131 or 5.2 per cent to L2,691 and BCI L195 or 3.7 per cent to L5,486. IMI, making its debut on the bourse today, was quoted at L12,500-L13,000 on the grey market yesterday, compared with the offer price of L10,900.

ZURICH encountered late profit-taking and the SMI index finished 7.4 ahead at 3,097.2 after a high of 3,140.3.

Chemicals, however, held on to the best of their gains, Roche certificates adding SFr110 to SFr7,180 and Ciba registered SFr15 to SFr920.

Banks, recently firm, were out of favour: CS Holding dipped SFr9 to SFr730 and UBS bearers dipped SFr8 to SFr920.

Alusuisse put on SFr16 to SFr624 as it forecast improved 1994 profits.

MADRID closed off its highs, but the general index still rose 4.81 to 353.98 in active turnover of Pta49.5bn. Electrical utilities were the strong feature, after weakness in banks and construction on Monday.

BRUSSELS parlayed Monday's bank rate cut, and its relative strength that day, into a new record high, the Bel-20 index ending 8.49 higher at 1,535.60 with basket trading again strongly in evidence.

OSLO rose in anticipation of a rate cut which came after hours, the all-share index closing 14.63, or 2.2 per cent higher at 683.59. General optimism was also reported ahead of tomorrow's string of 1993 results. **HELSINKI** gained 2.3 per cent with banks and forestry in the lead, the Hex index closing 44.2 higher at 1,943.6.

DUBLIN rebounded after Monday's 3.4 per cent slide, as the market was encouraged by the interest rate developments in London. The ISEQ index added 46.29 or 2.3 per cent to 2,023.32.

ISTANBUL fell back more than 6 per cent as investors continued to transfer funds into money markets to take advantage of high interest rates. The composite index lost 1,131.16 to 17,081.15.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei gains 1% as hopes rise for tax plan

Tokyo

Investors were encouraged by Monday's rally on Wall Street and, in addition, by their anticipation of the government's economic package, *writes Emiko Terazono in Tokyo.*

Share prices gained ground in spite of active profit-taking by dealers and corporate investors in the afternoon session, the Nikkei average ending 236.83 ahead at 20,251.23 after an opening low for the day of 20,060.51, and high of 20,526.45.

Reports that the coalition was poised to agree on a Y6,000bn tax cut for the fiscal year to March 1995 spurred arbitrage buying in the morning, and the rebound in New York equities also helped investor confidence. The record economic stimulus package came after hours and, in London, the ISE/Nikkei 50 index rose 7.37 to 1,343.95.

In the domestic market, traders were encouraged by buying orders from institutional investors, who had been cautious until now. However, there was profit-taking in the afternoon as dealers adjusted positions ahead of the Hosokawa-Clinton talks on Friday, and the listing of the Nikkei 300 futures contracts on the Osaka stock exchange next Monday.

The Topix index of all first section stocks advanced 15.26 to 1,616.70. Volume totalled 600m shares, against Monday's 310m, as sell orders emerged *around the 20,500 Nikkei level.* Winners outnumbered losers by 824 to 210, with 140 issues unchanged.

Banks, which have been depressed recently on selling by corporate investors, bounced back. Industrial Bank of Japan rose Y120 to Y3,220 and Fuji Bank Y10 to Y2,230. Brokers were also stronger, with Nomura Securities ahead Y10 at Y2,270 and Nikko Securities gaining Y30 at Y1,320.

Telecommunications-related stocks were higher on the multi-media theme. Fujitsu, the day's most active issue, appreciated Y20 to Y1,070 and NEC put on Y10 at Y1,070. Companies in the mobile phone business were also bought. Itochu, a trading house, moved up Y15 to Y695 and Nitsuko Y120 to Y1,600.

Shipping lines, regarded as *laggards,* were bought. Navix Line improved Y13 to Y342 and Iino Kaium Y30 to Y650.

In Osaka, the OSE average added 320.19 at 22,021.11 in volume of 64.4m shares. Nintendo, the video game maker, rose Y330 to Y6,880.

Roundup

Most of the region's equity markets closed either side of a percentage point higher; none of Monday's big fallers came near to recouping their losses.

HONG KONG regained just 0.35 per cent after Monday's 6.1 per cent slide, the Hang Seng index finishing 39.89 better at 11,454.16 on late bargain hunting in blue chips.

Turnover declined from HK$9.67bn to HK$8.58bn. Properties and banks saw a recovery in sentiment; traders said *the cut in the weighting of* Hong Kong stocks by Nomura, the Japanese broker, had prompted some early follow-through selling which had subsided by late afternoon.

BANGKOK recovered some of Monday's 6.8 per cent fall, helped by activity in the banking sector. The SET index put on 20.92 at 1,365.73 in low turnover of Bt8.3bn, after Monday's Bt10.9bn. However, the market remained some 20 per cent down from its January 4 high of 1,753.

Bangkok Bank advanced Bt7 to Bt194, with most of the rise coming in the last few minutes of trading.

KUALA LUMPUR retrieved 14.70 of the previous day's 53.30 fall, the composite index ending at 1,108.72. Volume fell from 206m shares to 159.9m.

MANILA added a temporary *freeze on oil price increases* and the government's staving off of a strike threat by local labour groups to Wall Street's strength, and the composite index closed 61.91, or 2.1 per cent, higher at 2,952.85.

However, brokers said the rally was not convincing, since the oil price freeze was only a palliative.

BOMBAY kept itself in positive territory after Monday's near 6 per cent gain, although some profit-taking crept in towards the close. The BSE index rose 17.6 to 4,162.0.

AUSTRALIA gave the credit to New York and Tokyo as the All Ordinaries index recouped almost half of Monday's loss, gaining 24.3 at 2,305.4 in turnover of A$715.11m.

Mining house CRA moved ahead 38 cents to A$19.26, with analysts saying the agreement *between its Hammersley Iron* unit and Japanese Steel Mills for a 7.6 per cent iron ore price cut was around expectations, or a little better.

NEW ZEALAND dropped from a midday high of 2,399.02 to finish with the NZSE-40 index a net 8.19 up at 2,373.69.

Telecom advanced to NZ$4.88 in early trading ahead of its third-quarter results, but ended 9 cents down on balance on the news at NZ$4.65.

SOUTH AFRICA

Shares fell back on afternoon selling which reversed an earlier gain in the industrial sector. Golds also dipped in reaction to a weaker bullion price, the index losing 58 at 1,885. Industrials shed 8 to 5,731 and the overall index 43 to 4,890.

Government struggles to control Seoul's advance

The rally looks set to continue, writes John Burton

Government intervention, helped by the three-day lunar new year's holiday that begins today, has temporarily halted a recent surge on the Seoul bourse. But analysts believe that the Finance Ministry will eventually have no more success in controlling the market than Canute had in stopping the waves.

The ministry has announced three sets of measures in the last three weeks to curb stock speculation, which has sent the general index climbing towards its record peak of 1,007, set on April 1, 1989. The result of the ministry's labours began to bear fruit a week ago when the index reached 974 and then went on a decline – although it rebounded yesterday, ending at 923, up 8 points.

The government has offered several economic reasons for cooling the market. It fears that the bull run could cause distortions in economic growth by diverting funds from industrial investments.

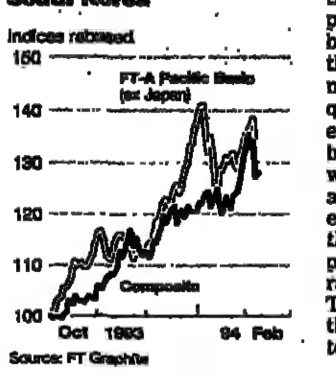
It has also expressed concern about inflationary pressure as investors start spending their newly acquired capital gains, which are not subject to taxation. Foreign capital flowing into the Seoul bourse – still considered undervalued by Asian standards – has heightened inflationary worries, since it would increase the money supply.

The measures also reflect the "back to basics" approach on economic issues favoured by the administration of President Kim Young-sam, who has preached that hard work rather than financial speculation should be the guiding principle of Koreans.

But the government only has itself to blame for the stock market's buoyancy. Its success in curbing inflation has depressed interest rates and, consequently, the bond market. An anti-corruption campaign has dampened speculation in the unofficial lending and property markets.

The government last year also sought to encourage the public to liquidate their anonymous bank accounts and transfer the funds to the stock market by offering to maintain its tax-free status for five years. The bourse has been riding on a wave of liquidity ever since, matched by expectations that corporate earnings will improve significantly this year.

South Korea



Source: FT Graphite

The cooling-down measures include requiring institutional investors to make a 40 per cent deposit on purchase orders and individual investors 80 per cent. Financial institutions, which operate under close state supervision, are being required to sell shares and buy monetary stabilisation bonds instead. The amount of authorised new share issues is being raised to soak up excess liquidity. But they appear to have little long-term impact, at least on domestic investors. Stock deposits, a key indicator of potential buying power, remain high.

The measures, however, appear to be discouraging foreign investors since the deposit requirement makes share purchases cumbersome, or even illegal in the case of US institutional funds, the largest bloc of foreign investors in Seoul.

Some foreign brokers believe that is a deliberate goal of the policy. Foreigners are already barred from acquiring more than 10 per cent of a company's stock and the foreign quota was expected to be exhausted for almost all shares by the end of the month. A western broker said: "If nearly all Korean stocks had their foreign shareholding limits filled, *that would have put increased* pressure on the government to raise the shareholding ceiling. These measures have put off that day by forcing foreigners to halt or slow down buying."

The result is that there is renewed questioning among foreign securities houses about the government's commitment to financial liberalisation and its willingness to rid itself of its traditional desire to meddle in financial markets.

But other analysts argue that those doubts about state intentions may be misplaced. Recent efforts to liberalise foreign exchange rules are likely to encourage pent-up capital to flow out of the country, which will lessen worries about inflation and persuade the government to relax its grip on the market.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY FEBRUARY 7 1994								FRIDAY FEBRUARY 4 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	184.45	-2.1	184.64	126.74	169.06	171.59	-2.1	3.00	188.48	187.31	128.78	170.10	175.32	189.15	121.25	121.25
Austria (17)	186.42	-2.5	186.61	128.09	170.86	170.54	-1.1	0.94	191.20	190.02	130.64	172.56	172.45	195.41	139.23	140.48
Belgium (42)	164.87	-1.9	165.04	113.29	151.11	147.76	-0.3	3.89	168.10	167.06	114.85	151.71	148.28	169.08	138.95	140.56
Canada (107)	137.61	-0.8	137.75	94.56	126.13	133.66	0.1	2.51	138.75	137.89	94.80	125.22	133.61	145.31	118.78	116.78
Denmark (32)	264.05	-2.5	264.32	181.44	242.02	245.67	-1.0	0.92	270.81	269.14	185.03	244.41	248.23	275.79	185.66	205.90
Finland (22)	148.70	-5.1	148.86	102.18	136.30	175.90	-3.2	0.58	156.72	155.75	107.08	141.44	181.79	156.72	65.50	68.23
France (93)	177.87	-3.1	178.06	122.22	163.03	166.69	-1.7	2.79	183.53	182.40	125.40	165.64	169.63	185.37	149.46	150.57
Germany (59)	128.37	-4.0	128.50	88.21	117.66	117.66	-2.5	1.80	133.71	132.89	91.36	120.67	120.67	142.38	107.50	108.98
Hong Kong (56)	462.90	-6.1	463.38	318.08	424.28	459.48	-6.0	2.31	493.01	489.96	336.85	444.95	488.69	506.56	229.11	229.11
Ireland (14)	190.92	-5.7	191.12	131.19	174.99	190.42	-4.2	2.93	202.44	201.20	138.32	182.71	198.73	208.33	129.29	138.21
Italy (66)	74.40	-2.6	74.48	51.13	68.20	94.42	-1.6	1.74	76.38	75.91	52.18	68.93	95.94	78.93	55.21	61.29
Japan (469)	147.59	-1.4	147.75	101.42	135.28	101.42	-0.9	0.80	149.75	148.82	102.31	135.15	102.31	165.91	105.65	105.65
Malaysia (69)	498.26	-4.6	498.78	342.37	456.69	530.78	-4.6	1.37	522.12	518.90	356.74	471.23	556.31	621.63	267.66	268.17
Mexico (18)	2603.03	0.2	2605.72	1788.64	2385.83	8836.87	0.2	0.57	2598.82	2582.76	1775.64	2345.43	8822.61	2603.03	1410.30	1572.01
Netherland (36)	199.56	-3.3	199.77	137.13	182.91	179.69	-1.9	2.95	206.34	205.07	140.98	186.23	183.08	207.43	155.01	155.01
New Zealand (14)	75.07	-1.8	75.15	51.59	68.81	69.65	-2.0	3.33	76.49	76.02	52.26	69.04	71.09	77.59	43.11	43.11
Norway (23)	196.72	-3.8	196.92	135.17	180.30	201.85	-2.4	1.26	204.44	203.18	139.69	184.51	206.85	204.44	138.63	139.63
Singapore (45)	347.99	-3.1	348.36	239.12	318.96	254.98	-3.0	1.82	359.16	356.95	245.40	324.15	262.85	378.92	213.57	219.69
South Africa (60)	260.24	-2.8	260.51	178.82	238.52	252.55	-1.9	2.27	267.75	266.09	182.94	241.64	257.35	280.20	160.78	164.98
Spain (42)	149.59	-3.4	149.74	102.79	137.11	161.40	-2.1	3.65	154.81	153.85	105.77	139.72	164.87	155.79	116.33	129.54
Sweden (36)	220.58	-4.1	220.81	151.57	202.18	280.63	-2.5	1.34	230.02	228.61	157.17	207.60	287.18	230.02	154.69	158.23
Switzerland (48)	169.22	-4.2	169.40	116.28	155.10	164.52	-2.4	1.41	176.56	175.47	120.64	159.35	168.23	176.56	109.14	111.68
United Kingdom (215)	207.12	-2.3	207.33	142.32	189.84	207.33	-1.6	3.47	212.02	210.71	144.86	191.35	210.71	214.96	162.00	167.23
USA (518)	191.94	0.4	192.14	131.89	175.92	191.94	0.4	2.73	191.12	189.94	130.58	172.48	191.12	198.04	176.29	183.43
EUROPE (744)	171.66	-3.0	171.86	117.97	157.36	167.40	-1.9	2.71	177.05	175.96	120.97	159.79	170.57	178.58	134.88	136.86
Nordic (113)	212.05	-3.9	212.27	145.71	194.36	220.16	-2.2	1.13	220.60	219.23	150.72	199.09	225.23	220.60	145.85	146.61
Pacific Basin (722)	160.00	-1.9	160.17	109.95	146.66	113.90	-1.5	1.07	163.18	162.18	111.50	147.28	115.61	168.80	110.41	110.41
Euro-Pacific (1466)	164.71	-2.4	164.88	113.18	150.97	134.85	-1.6	1.78	168.80	167.76	115.33	152.34	136.90	170.78	121.16	121.16
North America (625)	188.56	0.4	188.76	129.57	172.83	187.92	0.4	2.72	187.86	186.70	128.36	169.54	187.14	192.73	172.67	179.32
Europe Ex. UK (529)	149.51	-3.6	149.68	102.73	137.03	143.94	-2.0	2.22	154.92	153.97	105.86	139.82	146.92	155.73	117.69	118.29
Pacific Ex. Japan (253)	279.08	-4.3	279.37	191.77	255.80	256.78	-4.3	2.34	291.76	289.95	199.34	263.31	268.31	298.21	157.07	157.07
World Ex. US (1651)	166.66	-2.4	166.85	114.53	152.77	138.03	-1.6	1.79	170.68	169.63	116.62	154.04	140.24	172.51	122.39	122.39
World Ex. UK (1954)	170.91	-1.2	171.08	117.44	156.64	149.92	-0.8	1.98	173.05	171.98	118.23	156.17	151.06	175.68	136.71	138.60
World Ex. So. Af. (2109)	173.56	-1.3	173.74	119.26	159.07	154.11	-0.8	2.13	175.90	174.81	120.18	158.75	155.42	178.66	140.95	141.99
World Ex. Japan (1700)	189.84	-1.3	190.04	130.45	174.00	186.61	-0.8	2.65	192.36	191.17	131.43	173.61	188.29	195.20	159.44	162.53
The World Index (2169)	174.07	-1.4	174.25	119.61	159.54	154.91	-0.8	2.13	176.44	175.35	120.56	159.24	156.24	176.97	141.01	142.01

Latest prices were unavailable for this edition.